

1 IN THE UNITED STATES BANKRUPTCY COURT

2 FOR THE SOUTHERN DISTRICT OF TEXAS

3 HOUSTON DIVISION

4 IN RE: § CASE NO. 23-90086-11
5 TEHUM CARE SERVICES, INC., § HOUSTON, TEXAS
6 DEBTOR. § TUESDAY,
§ JUNE 13, 2023
§ 1:03 P.M. to 3:15 P.M.

7 **CONTINUED SECTION 341 MEETING OF CREDITORS (VIA TELEPHONE)**

8 CONDUCTED BY ANDREW JIMENEZ
9 TRIAL ATTORNEY

10 APPEARANCES (VIA TELEPHONE): SEE NEXT PAGE
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1 **HOUSTON, TEXAS; TUESDAY, JUNE 13, 2023; 1:03 P.M.**

2 MR. NGUYEN: You're on the Record, Andrew.

3 MS. JIMENEZ: Good afternoon. Today --

4 Thank you. Thank you, Mr. Nguyen.

5 Good afternoon. Today is June 13th, 2023. The
6 time is 1:03 p.m. Central Standard Time.

7 We are here on the continued Section 341 Meeting
8 of creditors in the bankruptcy case of Tehum Care Services,
9 Inc., Case No. 23-90086, pending before the United States
10 Bankruptcy Court for the Southern District of Texas.

11 My name is Andrew Jimenez. I am an attorney with
12 the United States Department of Justice, and I represent the
13 United States Trustee.

14 I am joined by my colleague, Ha Nguyen. I will be
15 presiding -- I will be the presiding officer of this 341
16 Meeting of Creditors. At about a little -- shortly before
17 2:30 p.m., I will need to step out of the meeting to attend
18 a court hearing. If the meeting is still going on,
19 Mr. Nguyen will continue presiding the meeting at that -- at
20 that point so that all the creditors that are present can
21 have an opportunity to ask questions.

22 I know there are several creditors on the phone.
23 This is a Meeting of Creditors, and I will let creditors ask
24 the questions of Tehum's representatives. I ask you to
25 please wait until your turn until you're called to ask

1 questions.

2 Creditors are free to ask questions and should be
3 -- should be limited to the Petition, Schedules, and
4 Statement of Financial Affairs, or the general financial
5 condition of the Debtor. If you need additional
6 information, there are other avenues available under the
7 bankruptcy rules. You could take a 2004 Examination should
8 you need additional discovery.

9 This meeting is being digitally recorded by the
10 United States Trustee, and the United States Trustee
11 recording is the only authorized recording. Nobody else
12 should be recording this meeting.

13 Will counsel for the Debtor please identify
14 himself for the Record?

15 MR. KAUFMAN: For the Record, this is Aaron
16 Kaufman with the law firm of Gray Reed as counsel for the
17 Debtor.

18 MR. JIMENEZ: And now the Debtor's corporate
19 representative, please identify for the Record.

20 MR. LEFKOWITZ: Isaac Lefkowitz --

21 MR. KAUFMAN: Oh, sorry, Mr. Lefkowitz. Just so
22 we're clear, there are -- there are two representatives of
23 Debtor present, but go ahead, Mr. Lefkowitz.

24 MR. LEFKOWITZ: Isaac Lefkowitz on behalf of the
25 Debtor.

1 MR. KAUFMAN: And the second one is Mr. Russell
2 Perry, the Chief Restructuring Officer. He's also on the
3 line.

4 MR. JIMENEZ: Mr. Perry, could you please state
5 your name for the Record?

6 MR. PERRY: Hi. This is Russell Perry.

7 MR. JIMENEZ: Okay. So I'm going to swear in the
8 witnesses.

9 First, I'll start with Mr. Lefkowitz. Could you
10 please raise your right hand and state your full name for
11 the Record?

12 MR. LEFKOWITZ: Isaac Lefkowitz.

13 MR. JIMENEZ: Do you swear or affirm that the
14 testimony you are about to give is the truth, the whole
15 truth, and nothing but the truth?

16 MR. LEFKOWITZ: I affirm.

17 ISAAC LEFKOWITZ, DEBTOR'S WITNESS, AFFIRMED

18 MR. JIMENEZ: Mr. Perry, could you please raise
19 your right hand and state your full name for the Record?

20 MR. PERRY: Russell Perry.

21 MR. JIMENEZ: Do you swear or affirm that the
22 testimony you are about to give is the truth, the whole
23 truth, and nothing but the truth?

24 MR. PERRY: I do.

25 RUSSELL PERRY, DEBTOR'S WITNESS, SWORN

1 MR. JIMENEZ: Since this meeting is being
2 conducted telephonically, I cannot do what I normally do in
3 a Chapter 11 case, which is to verify the Government issued
4 identifications of the witnesses.

5 Mr. Kaufman, as an Officer of the Court, can you
6 please confirm that the individuals on the phone are,
7 indeed, Mr. Perry and Mr. Lefkowitz?

8 MR. KAUFMAN: I can confirm that, yes.

9 MR. JIMENEZ: So during this meeting, I will be
10 using the term "Debtor." And when I say, "the Debtor," I am
11 referencing Tehum Care Services, Inc., formerly doing
12 business as Corizon Health Services, Inc.

13 So, Mr. Lefkowitz, I'll start my questions. I'll
14 start my questions so that you can answer. So on June 10th,
15 2023, the Debtor filed Amended Schedules in Docket No. 676
16 and an Amended Statement of Financial Affairs on Docket
17 No. 677.

18 Did you look over the information on the Amended
19 Schedules and Amended Statement of Financial Affairs before
20 they were filed with the Bankruptcy Court?

21 MR. LEFKOWITZ: Yes, I did.

22 MR. JIMENEZ: Is the information on the Debtor's
23 Amended Schedules and Amended Statement of Financial Affairs
24 true and correct to the best of your knowledge and belief?

25 MR. LEFKOWITZ: Yes, they are.

1 MR. JIMENEZ: At this time are there any changes
2 or amendments that you wish to make on the Petition,
3 Schedules, or Statement of Financial Affairs?

4 MR. LEFKOWITZ: No, sir.

5 MR. JIMENEZ: Do you have document -- Docket No.
6 676 in front of you?

7 MR. LEFKOWITZ: Just a second. I'll bring them
8 up.

9 Yes, I do.

10 MR. JIMENEZ: Okay. So I'm going to make
11 reference to various pages on the Document 676. I first --
12 my first question if you could go to page 196 -- and we --
13 we're getting some feedback on the sound. So if you're not
14 asking questions or if you're not answering questions at
15 this time, please put your lines on mute. And please avoid
16 using speakerphone.

17 MR. LEFKOWITZ: One second. I'm scrolling to 196.

18 Yes. I'm there.

19 MR. JIMENEZ: Okay. So on page 196 of 293, the
20 Debtor disclosed in Question No. 77 its other property --
21 the M2 LoanCo, LLC Funding Agreement with an undetermined
22 value.

23 My question is why is the value of the funding
24 agreement undetermined?

25 MR. LEFKOWITZ: It needs to be reconciled and

1 analyzed whether the agreement was completely funded or
2 overfunded.

3 MR. JIMENEZ: So what was the amount stipulated in
4 the agreement?

5 MR. LEFKOWITZ: 15 million.

6 MR. JIMENEZ: Since the Petition date, has M2
7 LoanCo made payments? Let me restate that.

8 As of today, has the Debtor received funds under
9 the funding agreement?

10 MR. LEFKOWITZ: No. Only on the specific ground.

11 MR. PERRY: Mr. Jimenez, did you mean
12 postpetition? I was unclear about that question.

13 MR. JIMENEZ: Yes, it's postpetition.

14 MR. PERRY: Okay.

15 MR. LEFKOWITZ: Post Petition M2 LoanCo.

16 (Speakers talk at the same time.)

17 MR. JIMENEZ: I didn't get your answer,
18 Mr. Lefkowitz. Can you please repeat it?

19 MR. LEFKOWITZ: I said postpetition -- I said
20 postpetition M2 LoanCo only funded under the DIP lending
21 arrangement.

22 MR. JIMENEZ: Who negotiated the funding agreement
23 on behalf of the Debtor?

24 MR. LEFKOWITZ: I did.

25 MR. LEFKOWITZ: And who negotiated the funding

1 agreement on behalf of M2 LoanCo?

2 MR. LEFKOWITZ: His name is Alan Rubenstein
3 (phonetic).

4 MR. JIMENEZ: Can you please repeat the name?
5 Alan?

6 MR. LEFKOWITZ: Rubenstein.

7 MR. JIMENEZ: So what happened to me being able to
8 reconcile the amount of this funding agreement? This
9 bankruptcy Petition was filed on February 14th, 2023.

10 MR. LEFKOWITZ: So --

11 MR. PERRY: Mr. Jimenez, this is Russel Perry.
12 Can I answer that?

13 MR. JIMENEZ: Let's -- first, let's let
14 Mr. Lefkowitz answer, and then I'll go --

15 MR. PERRY: Okay.

16 MR. JIMENEZ: -- then I'll go to you.

17 MR. LEFKOWITZ: So since the fundings were not in
18 in large tranches of money, it was basically payments of
19 invoices and creditors on behalf of the Debtor. So that's
20 being reconciled to the facilitator who actually made a
21 payment to make certain that all the monies allocated were
22 allocated towards the arrangement.

23 MR. JIMENEZ: So who is this facilitator who made
24 the payments?

25 MR. LEFKOWITZ: Geneva Consulting.

1 MR. JIMENEZ: Geneva Consulting?

2 MR. LEFKOWITZ: Correct.

3 MR. JIMENEZ: What is Geneva Consulting?

4 MR. LEFKOWITZ: Geneva Consulting was a third-
5 party company that facilitated the actual payment and vetted
6 the backup paperwork for payments to be made on behalf of M2
7 LoanCo.

8 MR. JIMENEZ: Who is Alan Rubenstein?

9 MR. LEFKOWITZ: Alan Rubenstein is the director of
10 M2 LoanCo.

11 MR. JIMENEZ: Does he still work with M2 LoanCo?

12 MR. LEFKOWITZ: Yes.

13 MR. JIMENEZ: So when you -- when you were
14 negotiating this funding agreement on behalf of the Debtor,
15 did you have counsel?

16 MR. LEFKOWITZ: Yes.

17 MR. JIMENEZ: When you were negotiating with
18 Mr. Rubinstein, did Mr. Rubinstein have counsel --

19 MR. LEFKOWITZ: M2 LoanCo had --

20 (Speakers talk at the same time.)

21 MR. JIMENEZ: -- under the funding agreement?

22 MR. LEFKOWITZ: Absolutely.

23 MR. JIMENEZ: Okay. So under the funding
24 agreement, has M2 LoanCo made disbursements prepetition?

25 MR. LEFKOWITZ: Correct.

1 MR. JIMENEZ: Were those payment disbursements
2 made directly to the Debtor?

3 MR. LEFKOWITZ: Through Geneva Consulting.

4 MR. JIMENEZ: So M2 LoanCo would make the payments
5 to Geneva -- to Geneva Consulting, and then Geneva
6 Consulting will transfer the money to the Debtor?

7 MR. LEFKOWITZ: No. Geneva Consulting would make
8 the payments on behalf of the Debtor.

9 MR. JIMENEZ: Can you give me examples to -- of to
10 whom would Geneva Consulting make those payments?

11 MR. LEFKOWITZ: Say Geneva Consulting had an
12 invoice from AT&T. So Geneva Consulting would make that
13 payment on behalf of the Debtor and direction of them, too.

14 MR. JIMENEZ: Are you in any way associated with
15 Geneva Consulting?

16 MR. LEFKOWITZ: I'm not an officer. I may have
17 some role in the way that I help them vet the invoices.

18 MR. JIMENEZ: I didn't -- I didn't understand your
19 answer. You're breaking up. Can you please repeat it?

20 MR. LEFKOWITZ: I'm not an officer or a principal
21 in Geneva, but I did play a role in helping them vetting
22 those invoices and making those payments.

23 MR. JIMENEZ: Can you be more specific? What do
24 you mean when you say, "You play a role"?

25 MR. LEFKOWITZ: Just to help them verify if the

1 payment is accurate or not.

2 MR. JIMENEZ: Are you a director of Geneva
3 Consulting?

4 MR. LEFKOWITZ: Not with the title director, no.

5 MR. JIMENEZ: What title, if any, do you have?

6 MR. LEFKOWITZ: I don't have a title. I'm not
7 getting paid from Geneva Consulting. I just help them make
8 sure that it's being processed correctly.

9 MR. JIMENEZ: Are you an owner of Geneva
10 Consulting?

11 MR. LEFKOWITZ: No.

12 MR. JIMENEZ: Were you involved in the formation
13 of Geneva Consulting?

14 MR. LEFKOWITZ: No.

15 MR. JIMENEZ: Were you ever an owner of Geneva
16 Consulting?

17 MR. LEFKOWITZ: No.

18 MR. JIMENEZ: Prior to the Petition date, has
19 anyone, other than Geneva Consulting, made payments on
20 behalf of the Debtor?

21 MR. LEFKOWITZ: Not that I'm aware of.

22 MR. JIMENEZ: So when will you have the
23 information -- the reconciliation information about the
24 disbursements made under in the funding agreement?

25 MR. LEFKOWITZ: I believe Ankura team is doing it

1 as we speak.

2 MR. JIMENEZ: Who's doing that?

3 MR. LEFKOWITZ: The Ankura team. That's the CRO
4 of Russell Perry's firm that he's working at.

5 MR. JIMENEZ: Okay. So, Mr. Perry, can you give
6 us more information as to why the disbursements under the
7 funding agreement -- we don't have that information as of
8 today -- as of today?

9 MR. PERRY: Yeah. We -- well, we do -- we do have
10 the information. I don't -- I don't think we are saying we
11 don't have the information. I think we're saying we're
12 working through the analysis. I believe I testified fairly
13 early on in the case that the information that we have been
14 provided totals roughly -- call it \$40 million of payments
15 that were made post divisional merger prior to the Petition
16 date.

17 The 90-day payments alone include, you know,
18 roughly \$6 million of payments. We have that information.
19 We are working through the validation of each and every one
20 of those payments to the extent that they are material.

21 This would include things like reviewing invoices
22 that were supportive of those payments, reviewing the actual
23 information underpinning the exact nature of those services
24 when those services occurred, things of that nature. So it
25 -- the information has largely been produced. It's just a

1 matter of being able to process the information, validate
2 the information, Schedule the information, and, you know, at
3 some point being able to provide that information in a way
4 that folks have received from us -- the analysis.

5 MR. KAUFMAN: Mr. Jimenez, this is Aaron Kaufman.
6 I'm going to just supplement all of that with the Committee
7 is doing a parallel investigation with the same information.
8 So it's kind of a joint effort here.

9 MR. JIMENEZ: So --

10 MR. PERRY: This is Russell. The Committee --
11 we're doing a parallel investigation. I'm not sure that we
12 have the same information. I think we could drill down to
13 that more later.

14 MR. JIMENEZ: Very well. So going back to
15 Mr. Lefkowitz.

16 So, Mr. Lefkowitz, you testified that the funding
17 agreement is for \$16 million, correct?

18 MR. LEFKOWITZ: Correct.

19 MR. JIMENEZ: Okay. And if \$40 million were
20 disbursed prepetition -- so is there anything else left
21 under the funding agreement that could be dispersed to the
22 Debtor to fund the bankruptcy?

23 MR. LEFKOWITZ: No. The balance of
24 (indiscernible) M2 funded is an unsecured creditor.

25 MR. JIMENEZ: Can you please expand?

1 What do you mean by that?

2 MR. LEFKOWITZ: Again, we'll use the number 40
3 that Russell used. I don't think it's 40. I think it's shy
4 of 40. But if 15 million was on behalf of the funding
5 agreement, there's another balance that M2 LoanCo made a
6 business decision to fund the Debtor prior to the Petition
7 after the divisional merger so creditors can get settled.
8 We were trying to avoid bankruptcy, by all means, and we
9 kept on funding various creditors until we hit a deadlock.

10 MR. JIMENEZ: So if I understood your answer,
11 you're saying that those \$15 million under the funding
12 agreement are still available for creditors?

13 MR. LEFKOWITZ: No. Those have been funded
14 already.

15 MR. JIMENEZ: And that was --

16 MR. LEFKOWITZ: From May of '22. I'm sorry. I
17 didn't understand.

18 So from May of 2022 to February of 2023, actually,
19 the 15 million was funded from May of 2022 till end of June
20 of 2022. And then from June 2022, February 2023, the
21 remainder of funding, not under the funding agreement, was
22 funded for the Debtor.

23 (Pause in the proceedings.)

24 MR. JIMENEZ: So the funding agreement is listed
25 as an asset, as another -- as another type of property. But

1 you're saying that it was already -- the \$50 million were
2 already exhausted.

3 MR. LEFKOWITZ: That's correct. Correct.

4 MR. JIMENEZ: Is that correct?

5 MR. LEFKOWITZ: Correct.

6 MR. JIMENEZ: They were dispersed. So what is
7 left, then, under this funding agreement that could be used
8 to fund this bankruptcy?

9 MR. LEFKOWITZ: I don't think there is any.

10 MR. JIMENEZ: Then why are you listing this
11 agreement as an asset, as a property of the Debtor?

12 MR. LEFKOWITZ: It's only listed to the potential
13 if anything shy of the 15 million was funded, but the
14 15 million was funded.

15 MR. JIMENEZ: So this agreement is no longer a
16 property. It's another liability of the Debtor.

17 MR. LEFKOWITZ: It's not a liability to the Debtor
18 because the Debtor doesn't owe this 15 million back to M2
19 LoanCo. M2 LoanCo undertook to fund the divisional merger
20 on behalf of the Debtor without expecting to get it -- to
21 get it paid back. It's the other 25 million that M2 LoanCo
22 funded outside of the funding agreement that M2 LoanCo has a
23 claim to the debt.

24 MR. JIMENEZ: Did you say 25 million possible
25 claim of M2 LoanCo?

1 MR. LEFKOWITZ: Approximately that.

2 MR. JIMENEZ: Okay. I'm going to move now -- I'm
3 going to ask you to please reference page 204 of 239.

4 MR. LEFKOWITZ: Okay. I've got it.

5 MR. JIMENEZ: Okay. And here we have -- and in
6 page 204, the letter provides a list of insurance policies.
7 For every insurance policy included in the list, the letter
8 states that the current value of its insurance is
9 undetermined. Why is that? Why is -- why is the value
10 listed as undetermined?

11 MR. LEFKOWITZ: Again, it needs to be analyzed
12 whether the entire equity of the policy has been exhausted
13 or not.

14 MR. JIMENEZ: Does it -- does the letter have the
15 information about what is the cap or limit under each of the
16 insurance policies?

17 MR. LEFKOWITZ: Yes.

18 MR. KAUFMAN: Mr. Jimenez, this is Aaron Kaufman.
19 As we discussed offline before today, we are working to
20 supplement this chart. We'll provide, to the extent we have
21 the information available, the policy limits, any SIR
22 requirements, that kind of information. We're happy to
23 supplement this chart with that information.

24 MR. JIMENEZ: Thank you, Mr. Kaufman. The US
25 Trustee requests that the Debtor supplement the information
providing the policy limits in the SIR.

1 So I'm going to move to page 210 out of 239, the
2 Amended Schedules identifying new creditors. On page 210 in
3 line 3.6, it states that Abraham Goldberger is a creditor
4 with an undetermined claim for indemnification.

5 Do you see what I'm referring to?

6 MR. LEFKOWITZ: Yes.

7 MR. JIMENEZ: Who is Abraham Goldberger?

8 MR. LEFKOWITZ: Abraham Goldberger is an equity
9 holder in the parent company. So we just listed him as a
10 potential indemnification claim.

11 MR. JIMENEZ: When you say parent company, what
12 company are you referring to?

13 MR. LEFKOWITZ: Perigrove 1018. He was a former
14 officer.

15 MR. JIMENEZ: Why did you -- go ahead.

16 MR. LEFKOWITZ: As a former officer, we may have
17 some indemnification claims. He may have some
18 indemnification claims to the Debtor.

19 MR. JIMENEZ: He was a former officer of -- to
20 whom?

21 MR. LEFKOWITZ: He was a former officer of the
22 parent company.

23 MR. JIMENEZ: When you say parent company, who are
24 you referring to?

25 MR. LEFKOWITZ: So prior to the divisional merger,

1 he was on the board of the company before the merger; so we
2 listed him onto the bylaws as a potential indemnity claim if
3 there is any. It was just for disclosure.

4 MR. JIMENEZ: Okay.

5 MR. LEFKOWITZ: That's why it's undetermined.

6 MR. JIMENEZ: Is the company before the merger
7 Corizon?

8 MR. LEFKOWITZ: Correct.

9 MR. JIMENEZ: Why is the claim undetermined?

10 MR. LEFKOWITZ: Because he hasn't made a claim.
11 It's just -- we're just doing it as a disclosure of the
12 contingency claim -- unliquidated claim.

13 MR. JIMENEZ: Moving on to page 215 out of 239, in
14 93.260 it states that CHS Texas, Inc. is a creditor with an
15 undetermined claim for indemnification.

16 Can you see this?

17 MR. LEFKOWITZ: Correct. Yes.

18 MR. JIMENEZ: What is CHS TX, Inc.'s relationship
19 with the Debtor?

20 MR. LEFKOWITZ: CHS Texas was formerly merged with
21 the Debtor, and then they divided. Then there was a
22 divisional merger. So they might have some unliquidated
23 claims arising out of that divisional merger as far as
24 (Speakers talk at the same time.) --

25 MR. JIMENEZ: So CHS --

1 MR. LEFKOWITZ: -- is concerned.

2 MR. JIMENEZ: CHS TX -- it's still in existence
3 after the divisional merger?

4 MR. LEFKOWITZ: Right. CHS Texas and Corizon were
5 merged. Then they divided. CHS Texas went left, and the
6 Debtor right, or vice-versa.

7 MR. JIMENEZ: What does CHF Texas, Inc. does [sic]
8 today?

9 MR. LEFKOWITZ: The same -- the same type of
10 business -- correctional healthcare.

11 MR. JIMENEZ: And does CHS Texas has operations?

12 MR. LEFKOWITZ: Yes.

13 MR. JIMENEZ: Are you a director in CHS Texas?

14 MR. LEFKOWITZ: Yes.

15 MR. JIMENEZ: Are you involved with CHS Texas in
16 any other capacity?

17 MR. LEFKOWITZ: Other than a director, no

18 MR. JIMENEZ: Will CHS Texas file a claim in this
19 bankruptcy case?

20 MR. LEFKOWITZ: They haven't filed as of yet. It
21 all depends whether there is, in my indemnification,
22 contingency claims.

23 MR. JIMENEZ: I'm going to move on to page 220,
24 and on line 3.562 it states that "Isaac Lefkowitz is a
25 creditor with an undetermined claim for identification."

1 Are you the same person identified in the -- in
2 the Schedules as Isaac Lefkowitz?

3 MR. LEFKOWITZ: Correct.

4 MR. JIMENEZ: Why is this claim undetermined?

5 MR. LEFKOWITZ: The same as -- it's the same
6 answer as the Goldberger claim. I was a former officer. So
7 there might be -- under the bylaws, there might be some
8 indemnification contingency claims.

9 MR. JIMENEZ: Will you file a proof of claim in
10 this bankruptcy case?

11 MR. LEFKOWITZ: I haven't decided.

12 MR. JIMENEZ: As of today, do you believe that you
13 have a claim against the Debtor?

14 MR. LEFKOWITZ: I don't have a claim today. It
15 all depends whether, you know, the new company is going to
16 be litigated and whether there's going to be an
17 indemnification claim.

18 MR. JIMENEZ: So moving on to page 221 in line
19 3.585, it states that "Jefferson Dunn (phonetic) is a
20 creditor with an undetermined claim for indemnification."
21 Who is Jefferson Dunn?

22 MR. LEFKOWITZ: I'm sorry? Which page is that
23 again? Which page number?

24 MR. JIMENEZ: 221, line 3.585.

25 MR. LEFKOWITZ: Jefferson Dunn. It could be a

1 former employee of the Debtor.

2 MR. JIMENEZ: It's a former employee of the
3 Debtor?

4 MR. LEFKOWITZ: Correct. Correct.

5 MR. JIMENEZ: What did -- what did Mr. Dunn do
6 when he was employed by the Debtor?

7 MR. LEFKOWITZ: I don't know his exact position,
8 but he worked on the Alabama contract out of the DOC
9 contract to the Debtor then.

10 (Speakers talk at the same time.)

11 MR. JIMENEZ: And why did he quit?

12 MR. LEFKOWITZ: Again, this is --

13 MR. JIMENEZ: Well --

14 MR. LEFKOWITZ: -- you know --

15 MR. JIMENEZ: -- let --

16 MR. LEFKOWITZ: -- these folks --

17 MR. JIMENEZ: -- me ask --

18 MR. LEFKOWITZ: -- these folks have --

19 MR. JIMENEZ: -- let me ask -- let me ask the
20 question before you -- before you answer so that we have
21 a --

22 MR. LEFKOWITZ: Oh.

23 MR. JIMENEZ: -- clear record. I'm sorry.

24 MR. LEFKOWITZ: Okay.

25 MR. JIMENEZ: So my next question is why is the

1 claim undetermined?

2 MR. LEFKOWITZ: Because it's just an
3 indemnification claim. So we don't know yet what the actual
4 dollar amount is. It's just a contingency that I'll
5 liquidate.

6 MR. JIMENEZ: Moving on to page 224. Let me know
7 when you're there.

8 MR. LEFKOWITZ: Yeah.

9 MR. JIMENEZ: On line 3.739, it states that "Mary
10 Cook is a creditor with an undetermined claim for
11 indemnification."

12 MR. LEFKOWITZ: Who is Mary Cook?

13 MR. LEFKOWITZ: Right. A former employee, the
14 same scenario as the previous one.

15 MR. JIMENEZ: What did Ms. Cook did [sic] when she
16 was employed by the Debtor?

17 MR. LEFKOWITZ: I don't recall exactly. She may
18 have been nursing.

19 MR. JIMENEZ: You got caught up. Could you please
20 repeat that?

21 MR. LEFKOWITZ: I said, I don't -- I don't recall
22 exactly what her position was. I believe she was in nursing
23 then some sort of a medical provider, that she has an
24 indemnification claim.

25 MR. JIMENEZ: Do you recall in what facility she

1 worked or what contract?

2 MR. LEFKOWITZ: I don't know the facility, but
3 under the Alabama contract.

4 MR. JIMENEZ: And why is the claim undetermined?

5 MR. LEFKOWITZ: She's being sued by a former
6 inmate; so I don't think the claim has been quantified yet.
7 I'm not sure that the Debtor is liable or not, but we're
8 listing them as a contingent unliquidated claim under her
9 indemnification.

10 MR. JIMENEZ: Moving to page 228. Let me know
11 when you're there.

12 MR. LEFKOWITZ: 228. Okay.

13 MR. JIMENEZ: Line 3.941 states that "Patricia
14 Schmidt is the creditor with an undetermined claim" --

15 MR. LEFKOWITZ: Right.

16 MR. JIMENEZ: -- "for indemnification."

17 Who is Patricia Schmidt?

18 MR. LEFKOWITZ: She was a doctor who -- she was a
19 medical provider under a separate agreement, the Michigan
20 contract.

21 MR. JIMENEZ: Why is the claim undetermined?

22 MR. LEFKOWITZ: Because the claim is still
23 outstanding, and it's on (indiscernible) that.

24 MR. JIMENEZ: Ms. Patricia Schmidt is the
25 defendant in a lawsuit?

1 MR. LEFKOWITZ: Correct. And it has been stayed
2 due to the Chapter 11 filing.

3 MR. JIMENEZ: Moving to page 230. Let me know
4 when you're there.

5 MR. LEFKOWITZ: 2-3-0?

6 MR. JIMENEZ: Yeah. So, like, I'm going to
7 reference line 3.1066. It states that "Louis Naegeli
8 (phonetic) is a" --

9 MR. LEFKOWITZ: Right.

10 MR. JIMENEZ: -- "creditor with an undetermined
11 claim for indemnification."

12 Who is Louis Naegeli?

13 MR. LEFKOWITZ: A medical provider under the
14 Alabama contract.

15 MR. JIMENEZ: Why is the claim undetermined?

16 MR. LEFKOWITZ: I don't know. Because it hasn't
17 been quantified yet, her --

18 (Speakers talk at the same time.)

19 MR. JIMENEZ: Is there a lawsuit --

20 MR. LEFKOWITZ: -- litigation against her.

21 MR. JIMENEZ: -- involving Ms. --

22 MR. LEFKOWITZ: I believe so.

23 MR. JIMENEZ: On the same page a little further
24 down -- further down in line 3.1084, it states that "Sara
25 Tirschwell is a creditor with an undetermined claim for

1 indemnification."

2 Who is Sara Tirschwell?

3 MR. LEFKOWITZ: She was an acting CEO of the -- of
4 the CHS Texas.

5 MR. JIMENEZ: Does she -- does she continue to be
6 employed with CHS Texas?

7 MR. LEFKOWITZ: No.

8 MR. JIMENEZ: Is Ms. Tirschwell employed with any
9 -- with any of the other entities that exist after the
10 divisional merger?

11 MR. LEFKOWITZ: No.

12 MR. JIMENEZ: Is Ms. Tirschwell a defendant in any
13 lawsuit that involves the Debtor?

14 MR. LEFKOWITZ: She is.

15 MR. JIMENEZ: And why is the claim undetermined?

16 MR. LEFKOWITZ: The case is stayed and hasn't been
17 quantified.

18 MR. JIMENEZ: Moving to the next page --

19 MR. LEFKOWITZ: I have --

20 MR. JIMENEZ: -- page 2. All right. I didn't
21 hear that, sir.

22 MR. LEFKOWITZ: I said she may have some
23 identification claims.

24 MR. JIMENEZ: Moving to the next page, page 231,
25 in line 3.1091, it states that "Scott King is a creditor

1 with an undetermined claim for indemnification."

2 Who is Scott King?

3 MR. LEFKOWITZ: He's the general counsel for CHS
4 Texas.

5 MR. JIMENEZ: He's currently -- he currently has
6 that position as general counsel?

7 MR. LEFKOWITZ: Correct.

8 MR. JIMENEZ: Why is the claim undetermined?

9 MR. LEFKOWITZ: It's the indemnification under,
10 you know, directors and officers. It hasn't been
11 quantified.

12 MR. JIMENEZ: Is Mr. King a defendant in any of
13 the lawsuits involving the Debtor?

14 MR. LEFKOWITZ: Yes.

15 MR. PERRY: Mr. Jimenez, it's Russell Perry. Can
16 I just provide a little bit of context on the various
17 parties you've been asking questions about?

18 MR. JIMENEZ: Sure. Go ahead.

19 MR. PERRY: Okay. So there is currently an
20 adversary pleading in front of Judge Lopez related to the
21 extension of an automatic stay related to roughly 35 or so
22 potential contingent unliquidated indemnification claims
23 that may arise against the Debtor.

24 Docket No. 43 in that adversary proceeding lists
25 out the roughly 35 various claims today in which each of the

1 respective parties that you have asked questions about are
2 listed as a non-Debtor, indemnified party on the Schedule.

3 So if folks have additional questions, you know,
4 or Mr. Jimenez for -- we can certainly direct you to this --
5 there's a chart that has each respective state, each
6 respective case, the defendant in the proceeding underlying
7 the case itself, the potential non-Debtor indemnified party,
8 the type of indemnification claim, or other type of claim
9 that may give rise to either an identification or a
10 potential property of the estate.

11 This was the subject of the initial automatic stay
12 extension hearing in front of Judge Lopez. We had a
13 subsequent hearing that was effectively now being dealt with
14 and will be handled in a mediation session that Judge Lopez
15 asked us or asked the Debtor's representative this morning
16 for an update on.

17 So each of these respective parties that you've
18 asked about over the last couple of minutes have been
19 Scheduled in Schedule F listed as a indemnification but
20 marked as contingent and unliquidated in order for there to
21 be disclosure as it relates to the extension of the
22 automatic stay adversary proceeding in this chart that was
23 filed.

24 I don't know that we laid that out perfectly in
25 the notes. But, you know, there is a fairly comprehensive,

1 again, Docket 43 chart that provides a significant amount of
2 detail on each one -- each one of these.

3 MR. JIMENEZ: Thank you, Mr. Perry.

4 Mr. Lefkowitz, moving now to page 237. Let me
5 know when you're there.

6 MR. LEFKOWITZ: Yes.

7 MR. JIMENEZ: On line, 3.1420, it states that
8 "YesCare Corp. is a creditor with an undetermined claim for
9 identification."

10 First, what is YesCare Corp.'s relationship with
11 the Debtor?

12 MR. LEFKOWITZ: There's no relationship with the
13 Debtor. YesCare Corp. is part of CHS Texas. It's wholly
14 owned by CHS Texas.

15 MR. JIMENEZ: What does YesCare do?

16 MR. LEFKOWITZ: The same as CHS Texas, nurse
17 correctional healthcare.

18 MR. JIMENEZ: Are you a director in YesCare?

19 MR. LEFKOWITZ: Yes.

20 MR. JIMENEZ: Will YesCare file a claim in this
21 bankruptcy case?

22 MR. LEFKOWITZ: It's undetermined yet. Only if
23 there is some indemnification claims.

24 MR. JIMENEZ: So I'm going to direct your
25 attention to page 185 of 239.

1 MR. PERRY: Sorry. Mr. Jimenez, could you say
2 that page -- can you give me that page again. I didn't hear
3 it.

4 MR. JIMENEZ: 185.

5 MR. PERRY: And the docket number? Are we -- I'm
6 sorry. Are we still on 676, or did we move to --

7 MR. JIMENEZ: No. The same document -- 676, same
8 document.

9 MR. PERRY: Thank you.

10 MR. LEFKOWITZ: Got it.

11 MR. JIMENEZ: Okay. So if you look at part one in
12 this document, it's a summary of assets and liabilities.
13 Part one is a summary of assets. The summary -- the summary
14 of assets states that the value of Debtor's property is zero
15 dollars.

16 Do you believe that valuing in zero dollars the
17 property of the Debtor accurately reflects the financial
18 circumstances of the Debtor?

19 MR. LEFKOWITZ: Yes.

20 MR. JIMENEZ: Could you please expand?

21 MR. LEFKOWITZ: We're basically still determining,
22 you know, what value of certain assets the Debtor has. We
23 have a couple of buckets. One of them is insurance claims
24 which we touched upon before; the other one is potential
25 claims that we have against third parties; and then there's

1 a bucket that relates to tax refunds from the IRS.

2 MR. JIMENEZ: So the value -- although you are
3 still trying to figure out what is the value, but will it be
4 fair to say that the value is not zero?

5 MR. LEFKOWITZ: We have them listed under other
6 contingents and unliquidated claims. We definitely hope
7 it's not zero. We believe it's not zero, but we don't have
8 the numbers today. I mean, we definitely -- sure -- we sure
9 do know that monies are due to us from the insurance
10 companies. We know there are monies that are due to us from
11 claims. We know monies are due to us through the employment
12 retention credits under the CARES Act. Exactly what those
13 dollar amounts are has not been quantified yet. It's all in
14 the works.

15 MR. JIMENEZ: So when will you have the
16 information?

17 MR. KAUFMAN: Sorry, Mr. Jimenez. I was going to
18 direct you and the witnesses to Schedule AB.

19 MR. JIMENEZ: First of all, who's speaking?

20 MR. KAUFMAN: Sorry. Aaron Kaufman. I thought
21 you knew my voice by now. Aaron Kaufman for the Debtor.

22 I was going to help you see why the numbers in the
23 summary may be zero, but that the Schedules themselves do
24 have some numbers to work off of, and that would be -- you
25 know, goes to question 75, 74, 73. Those questions kind of

1 show some of the buckets that Mr. Lefkowitz just talked
2 about.

3 We do have some numbers and, of course, as I told
4 you, we'll be supplementing the chart of the insurance
5 policies so you can see some of the claim limits, the SIR
6 requirements. And even though we don't have a valuation
7 that we -- that we can definitively list here, that should
8 give creditors an idea of some of the -- I guess, a better
9 understanding of the Debtor's financial circumstances.

10 MR. JIMENEZ: So, Mr. Kaufman, I see the questions
11 that you're referring to, and there appears be some numbers
12 there. But when asked what is the current value of Debtor's
13 interest, it's -- everything is listed as undetermined. And
14 then that carries forward to the summary, and it ends up
15 showing or telling creditors that the value of Debtor's
16 property is zero, and that's a concern because I think we
17 can all agree that the value is not zero.

18 And while I appreciate the efforts of the Debtor
19 to gather information to present accurate information, it's
20 been four months since the filing of the bankruptcy
21 Petition, and still the Schedules also reflecting that the
22 property has a value of zero, and to Debtor has the duty to
23 disclose, as accurate as possible, what is the value of
24 Debtor's property. And that is my request to the Debtor
25 that the information would be provided in the Schedules.

1 MR. LEFKOWITZ: We believe the value is zero.

2 MR. KAUFMAN: So (Speakers talk at the same time.)

3 MR. LEFKOWITZ: Sorry.

4 MR. KAUFMAN: Go ahead. Yeah. Go ahead.

5 MR. LEFKOWITZ: I'm saying we believe the value is
6 zero until you actually have all parties agree to the
7 amount. Until then, it's just a claim, and we're working
8 through that.

9 MR. JIMENEZ: So the Debtor recently filed a
10 Monthly Operating Report in Docket No. 684. Do you have
11 access to that document?

12 MR. LEFKOWITZ: Yes.

13 MR. KAUFMAN: Okay. I'm sorry. 684, you said?

14 MR. JIMENEZ: Correct.

15 MR. KAUFMAN: I don't have that in front of me.
16 If you'll just give me a moment.

17 MR. JIMENEZ: Sure. No problem.

18 MR. LEFKOWITZ: Okay.

19 MR. KAUFMAN: Okay.

20 MR. JIMENEZ: Okay. So -- let me wait for you,
21 Mr. Kaufman.

22 MR. KAUFMAN: Oh, I'm ready. Go ahead.

23 MR. JIMENEZ: Okay. So on Document 684 on page
24 No. 2, 2 out of 12, on part 2, letter E --

25 MR. LEFKOWITZ: Right.

MR. JIMENEZ: -- it states, "total assets

1 \$20,611,264." Could you please explain what these assets
2 are?

3 MR. LEFKOWITZ: It mainly comes from the balance
4 sheet of the insurance accruals. Again, it's unliquidated
5 contingent. For those accruals, we posted a number.

6 MR. JIMENEZ: Were these assets acquired
7 post-petition?

8 MR. LEFKOWITZ: No.

9 MR. JIMENEZ: Then why is the value of these
10 assets not reflected in the Schedules?

11 MR. LEFKOWITZ: You know, maybe Russell can
12 explain that more from an accounting -- from an accounting
13 that the -- this unliquidated contingent.

14 MR. PERRY: Exactly. Mr. Jimenez, it's Russell
15 Perry. I'd like to answer that one.

16 It's fairly accounting specific. So the Debtor's
17 balance sheet includes accrual-related calculations of what
18 the insurance policies may be worth. Again, it's a
19 accounting calculation only and has been on the Debtor's
20 balance sheet.

21 The Monthly Operating Report simply provides the
22 Debtor's balance sheet as an exhibit. And on the Debtor's
23 balance sheet, there is a value that is called "other
24 assets, 18.8 million" and therefore, we just carry that
25 forward in the Monthly Operating Report.

1 Now that value -- again, they -- an accounting
2 reference, and it's an accounting calculation. It's not
3 meant to guide anyone as it relates to what a true
4 liquidated value of the insurance policies are. But if you
5 were to look at Schedule A/B 73, the current value of the
6 Debtor's interest is undetermined in each one of the
7 respective insurance policies, and we discussed offline that
8 we would provide additional disclosure as to the value of
9 the policies, the SIRs remaining and other important and
10 relevant information.

11 I won't tell you that the amount is going to
12 perfectly agree to what the insurance actuary/accountants
13 would calculate, but we certainly will provide additional
14 disclosure related to the insurance policies that hopefully
15 will help explain why the numbers are what they are. And
16 then, you know, happy to reference them back to the
17 18 million.

18 Again, it's an accounting calculation for
19 accounting purposes only. And, again, we'll provide the
20 additional disclosure on the insurance policies.

21 MR. JIMENEZ: So when can we expect that the value
22 of property disclosed Schedule A/B will be updated?

23 MR. KAUFMAN: Again, Mr. Jimenez, this is Aaron
24 Kaufman. I don't think we will ever be in a position to
25 update the Schedule A/B to provide a value of the insurance

1 policies. And if we are able to settle with other parties
2 where we have affirmative claims against the parties, then
3 we will have a 9019 motion on file disclosing what we've
4 been able to settle for.

5 But in terms of updating the Schedule, I just
6 don't know how we ever do that. I've never -- I've handled
7 dozens of Chapter 11 Debtor cases, and I don't -- I can't
8 think of one where we've amended the Schedules once we've
9 liquidated an affirmative claim.

10 MR. JIMENEZ: Well, Mr. Kaufman -- and this is not
11 the place to have the debate, but, you know, the Schedules
12 are not -- are not just limited to insurance claims.
13 There's other property that is disclosed in the Schedule,
14 and the value is undetermined.

15 And in the last Meeting of Creditors, we did
16 discuss the tax refunds. There were two separate tax
17 refunds. In one of those I think the Debtor had a
18 definitive number of what is it going to be and that -- and
19 a timetable of -- as to how long they were expecting that
20 they would get it.

21 And my point is that there is information that the
22 Debtor has. I understand that there, you know, there can be
23 some challenges with specific types of property, but there
24 is information that a Debtor has and should be used to --
25 should be reflected in the -- in the Schedules because it's

1 not accurate when the Schedules state that the value of
2 Debtor's property is zero.

3 I think everyone participating in this meeting
4 knows that the value is not zero.

5 (Speakers talk at the same time.)

6 MR. PERRY: Again, I think we -- as we discussed
7 yesterday, we will supplement the information on the
8 insurance policies. That's one bucket. I don't -- I think
9 we all agree -- and Mr. Lefkowitz said a couple of times --
10 we don't think the values are zero. We just don't have
11 another number to give you.

12 MR. JIMENEZ: Mr. Lefkowitz, in the last Meeting
13 of Creditors, you stated that the Debtor keeps and maintains
14 the servers in which the medical records of inmates are
15 stored; is that correct?

16 MR. LEFKOWITZ: Correct.

17 MR. JIMENEZ: Now the Debtor currently does not
18 provide medical services to inmates; is that correct?

19 MR. LEFKOWITZ: Correct.

20 MR. JIMENEZ: And after the divisional merger, the
21 operating entity that provides the medical services is
22 YesCare; is that correct?

23 MR. LEFKOWITZ: Correct.

24 MR. JIMENEZ: So why is the Debtor keeping the
25 medical records of inmates?

1 MR. LEFKOWITZ: There's still close to 500 pending
2 cases out there against the -- against the Debtor which
3 medical records are run.

4 (Speakers talk at the same time.)

5 MR. JIMENEZ: I can barely hear you.

6 MR. LEFKOWITZ: (Indiscernible).

7 MR. JIMENEZ: I said I can barely hear you.

8 MR. LEFKOWITZ: I'd say we still have -- I'd say
9 we still have well over 500 cases against the Debtor which
10 involves the medical records. Without the medical records,
11 you can't defend those cases.

12 MR. JIMENEZ: Is YesCare -- I'm sorry. Is the
13 Debtor keeping records in addition to the -- whatever
14 records are involved in those 500 plus pending cases?

15 MR. LEFKOWITZ: Whatever former contracts they
16 had, they still have those records.

17 MR. JIMENEZ: And if YesCare needs access to
18 records, YesCare goes to the Debtor and requests those
19 records?

20 MR. LEFKOWITZ: YesCare has its own server.

21 MR. JIMENEZ: Is it different records or the same
22 records?

23 MR. LEFKOWITZ: Depending if it's old or new. At
24 the divisional merger, you know, records were copied over
25 and handed over to YesCare. So if YesCare is named in a

1 lawsuit, the same as the Debtor is, they both have
2 duplicative records.

3 MR. JIMENEZ: Are you familiar with prisoner
4 grievances?

5 MR. LEFKOWITZ: Yes.

6 MR. JIMENEZ: How did Corizon or Tehum keep record
7 of grievances made by prisoners?

8 MR. LEFKOWITZ: The same server.

9 MR. JIMENEZ: How would Corizon or Tehum receive
10 notice from the prison that a grievance has been filed?

11 MR. LEFKOWITZ: Usually by mail.

12 MR. JIMENEZ: Presently, are these records of
13 grievances made by prisoners kept by the Debtor?

14 MR. LEFKOWITZ: Correct.

15 MR. JIMENEZ: Are you aware of the number of
16 grievances that is kept by the Debtor?

17 MR. LEFKOWITZ: No.

18 MR. JIMENEZ: Did prisoners that filed grievances,
19 but not lawsuits against the Debtor, receive notice of the
20 bankruptcy filing?

21 MR. LEFKOWITZ: I don't know.

22 MR. JIMENEZ: So the US Trustee requests that you
23 find out whether the prisoners that have filed grievances
24 against the Debtor have received notice of the bankruptcy,
25 and if you -- if the Debtor has not sent out notices to

1 these prisoners, we ask that the Debtor send the notices of
2 the bankruptcy case. So at this --

3 MR. LEFKOWITZ: Okay.

4 MR. JIMENEZ: Go ahead.

5 (Speakers talk at the same time.)

6 MR. KAUFMAN: Mr. Jimenez, yeah, this is Aaron
7 Kaufman. Since our discussion yesterday, we followed up
8 with Sigma, who manages the claims, the PLI and risk
9 management to get a better understanding of the world of --
10 well, you're calling them grievances. She explained to us
11 that there is a distinction between, you know, what a
12 grievance might be, which apparently not all -- not all
13 prisons keep electronic records of grievances. Some are the
14 -- some of those are just kept in the prisons themselves and
15 stored in boxes in hard copy and tort claims. Tort claims
16 are not all litigation claims. Some tort claims are
17 asserted that result in litigation.

18 The tort claims -- we're told we do keep
19 electronic records of those. We have compiled the list of
20 the tort claims, and we're asking our notice agent to go
21 through the claims' matrix to see if we've missed any of the
22 tort claims that we have record of, and we'll make sure that
23 the tort claimants, whether there's litigation or not,
24 receive notice, actual notice of the bankruptcy.

25 We still need to confer and figure out the best

1 way to ascertain about those grievances because it doesn't
2 appear that there are electronic records of those grievances
3 on any servers.

4 MR. JIMENEZ: But Mr. Lefkowitz just said they
5 said that those grievances were received by mail and that
6 they have records of those grievances.

7 MR. LEFKOWITZ: You asked me, if the Debtor would
8 receive a grievance, how would we get it? And the answer is
9 we wouldn't get it by email. We wouldn't get it by fax. We
10 will get it by mail. But not all grievances actually came
11 through there. Some grievances get just, you know, filed at
12 the facility they're located.

13 MR. JIMENEZ: But the grievances that the Debtor
14 did receive are kept by the -- are kept -- are kept by the
15 Debtor, correct?

16 MR. LEFKOWITZ: Correct.

17 MR. JIMENEZ: Okay. So the time is 2:09 p.m. I'm
18 going to need to step out to attend a court hearing at this
19 -- at this moment. I'm done with my questions, and I'll let
20 Mr. Nguyen continue presiding the meeting to allow the
21 creditors present to ask -- to ask questions to the Debtor.

22 Thank you all for your patience.

23 MR. NGUYEN: Thank you, Andrew. This is Ha Nguyen
24 from the US Trustee's Office.

25 If creditors have questions, we welcome all

1 questions. This is a Meeting of Creditors. So if you are
2 representing a creditor and you want to either Mr. Perry or
3 Mr. Lefkowitz any question, please state your name and your
4 question.

5 Remember, the questions do have to relate to the
6 Schedules -- the Petition, Schedules, and Statement of
7 Financial Affairs and/or the general condition of the
8 Debtor. And if you need additional discovery, Rule 2004 is
9 available.

10 So the floor is open to any creditors that wish to
11 ask any questions. Go ahead.

12 MR. MCKAY: Hi. This is Zach McKay for the
13 Committee.

14 MR. NGUYEN: Go ahead.

15 MR. MCKAY: I have some questions for
16 Mr. Lefkowitz.

17 So let's start with the Docket 677, if you could
18 put that in front of you. That's the 224-page document.

19 MR. LEFKOWITZ: Yeah.

20 MR. MCKAY: And I'd like to have you turn to
21 page 203.

22 MR. LEFKOWITZ: Okay.

23 MR. MCKAY: And let me know when you're there
24 Mr. Lefkowitz.

25 MR. LEFKOWITZ: Yes.

1 MR. MCKAY: So on 26(c), there were some
2 additional firms and individuals listed who are in
3 possession of the Debtor's books and records when the case
4 was filed.

5 MR. LEFKOWITZ: Right.

6 MR. MCKAY: The first one we see there is Sigma
7 Risk Management, LLC. What is Sigma?

8 MR. LEFKOWITZ: Sort of a contract management
9 company that handles the PLI claims.

10 MR. MCKAY: And it's located at 1528 56th Street
11 in Brooklyn, New York; is that correct?

12 MR. LEFKOWITZ: Just for -- as a mailing address
13 where mail comes, but they're virtually remote around the
14 country.

15 MR. MCKAY: So that's their mailing address, but
16 that's not a business address?

17 MR. LEFKOWITZ: Correct.

18 MR. MCKAY: Are you familiar with that address?

19 MR. LEFKOWITZ: Yes.

20 MR. MCKAY: Who owns the property located that
21 address, Mr. Lefkowitz?

22 MR. LEFKOWITZ: 1528 56th Street, LLC.

23 MR. MCKAY: And are you a member of 1528 56th
24 Street, LLC?

25 MR. LEFKOWITZ: Correct.

1 MR. MCKAY: What books of account and records does
2 Sigma Risk Management have that belong to the Debtor?

3 MR. LEFKOWITZ: They have access to all the
4 medical records.

5 MR. MCKAY: When you say they have access to it,
6 can you explain to me what you mean by that?

7 MR. LEFKOWITZ: They have access to the server of
8 all claims relating to litigation against the Debtor.

9 MR. MCKAY: Is that a server that is managed by
10 Sigma Risk Management or managed by another company?

11 MR. LEFKOWITZ: Managed by the Debtor.

12 MR. MCKAY: Okay. So does Sigma have any
13 documents that haven't been turned over to the Debtor?

14 MR. LEFKOWITZ: Sigma does not have any documents.
15 Sigma has access to documents.

16 MR. MCKAY: So why is Sigma listed as in
17 possession of the Debtor's books of accounts and records if
18 it simply has access to the documents the Debtor has?

19 MR. LEFKOWITZ: Because they have access to it.

20 MR. KAUFMAN: This is Aaron. Just -- that's a --
21 that's a very vague question, and we're doing our best to
22 just provide as much information about who --

23 MR. MCKAY: That's fine, Aaron. I think he
24 answered the question. I was trying to make sure I
25 understood why they were listed. So I'm --

1 (Speakers talk at the same time.)

2 MR. KAUFMAN: And this is just a matter of full
3 disclosure here.

4 MR. MCKAY: Yep. So, Mr. Lefkowitz, why is
5 Sigma's mailing address 1528 56th Street?

6 MR. LEFKOWITZ: Like I said, we -- they are
7 virtual all over the country, and we picked one address
8 where all the litigation comes in, so I can be part of it
9 when litigation pops up against the Debtor.

10 MR. MCKAY: And what's your role at Sigma?

11 MR. LEFKOWITZ: I don't have a role in Sigma other
12 than just a director that's monitoring and watching global
13 litigation.

14 MR. MCKAY: Director of whom, Mr. Lefkowitz?

15 MR. LEFKOWITZ: You just asked me if I'm a -- if
16 -- what my role is.

17 MR. MCKAY: No. You said other than as a
18 director. Did you mean a director of Sigma? A director of
19 the Debtor?

20 MR. LEFKOWITZ: I don't know what words you're
21 putting into my mouth. You asked me what my role in Sigma
22 is. I'm not a principal of Sigma. I'm not an officer in
23 Sigma. I am a director, and I play a role in monitoring the
24 litigation.

25 MR. MCKAY: And I appreciate you restating that.

1 My question was just, when you said I am a
2 director, did you mean the director of Sigma?

3 MR. LEFKOWITZ: Correct.

4 MR. MCKAY: Thank you.

5 Going to the next page, the other additional
6 company added as in possession of books and accounts --
7 books of accounts and records is YesCare Corporation. What
8 books and accounts -- what books of accounts and records did
9 YesCare have of the Debtor when the case was filed?

10 MR. LEFKOWITZ: So they both share access to the
11 same accounting system where invoices from creditors are
12 stored because some invoices belong to the Debtor, and some
13 invoices belong to YesCare. So in order to differentiate,
14 in order to divide them, they both have access to the same
15 on-base system as appropriate.

16 MR. MCKAY: Did you say on-base system? Is that
17 the accounting system you're describing?

18 MR. LEFKOWITZ: Correct.

19 MR. MCKAY: And so does the Debtor have access to
20 that system to all the invoices of the Debtors on there
21 currently?

22 MR. LEFKOWITZ: Yes.

23 MR. MCKAY: And how long has the Debtor had that
24 access?

25 MR. LEFKOWITZ: The last 40 years.

1 MR. MCKAY: Okay. And are those the only books of
2 accounts and records belonging to the Debtor that YesCare
3 has or had when the case was filed?

4 MR. LEFKOWITZ: Correct.

5 MR. MCKAY: Staying on a topic of books of
6 accounts and records, I'll have you turn back to page 202,
7 so two pages prior to where you were. Let me know when
8 you're there.

9 MR. LEFKOWITZ: I am.

10 MR. MCKAY: On 26(a), where the Debtor is listing
11 all accountants and bookkeepers who maintained the Debtor's
12 books and records, it's been amended to add you as the
13 person who maintained the Debtor's books and records from
14 May 5th, 2022, to the present; is that correct?

15 MR. LEFKOWITZ: Correct.

16 MR. MCKAY: And why was that change made,
17 Mr. Lefkowitz?

18 MR. LEFKOWITZ: Just the date.

19 MR. MCKAY: And was the -- the previous date was
20 in error, then?

21 MR. LEFKOWITZ: Correct.

22 MR. MCKAY: Now you were involved in the original
23 Schedule; right?

24 MR. LEFKOWITZ: Correct.

25 MR. MCKAY: (Indiscernible). Can you -- can you

1 tell me how the -- how the need to revise team came about?

2 MR. LEFKOWITZ: How the new revised what?

3 MR. MCKAY: Can you explain to me --

4 MR. KAUFMAN: Are you asking -- are you asking --

5 MR. MCKAY: Can you explain to me why the Debtor

6 -- yeah.

7 (Multiple speakers talk at the same time.)

8 MR. KAUFMAN: State your question.

9 MR. MCKAY: I'll ask the question again. Yeah.

10 Let me ask the question a different way. Is the date -- is
11 that date meant to relate to when the divisional merger
12 closed?

13 MR. LEFKOWITZ: Correct.

14 MR. MCKAY: Thank you.

15 What's your accounting background, Mr. Lefkowitz?

16 MR. LEFKOWITZ: I'm a CPA.

17 MR. MCKAY: And what other companies have you
18 maintained books and records for?

19 MR. LEFKOWITZ: Throughout my life?

20 MR. MCKAY: Let's say the last five years.

21 MR. KAUFMAN: Zach, are you asking if he has
22 experience as an accountant or a bookkeeper?

23 MR. MCKAY: Sure.

24 MR. KAUFMAN: Can you just ask that?

25 MR. MCKAY: I don't think there was an issue with

1 my question. I think it's the same question, but if that's
2 -- if that -- if that's the question that he'll answer, then
3 I can ask that. That's fine.

4 Mr. Lefkowitz?

5 MR. KAUFMAN: I'm just trying to keep --

6 (Speakers talk at the same time.)

7 MR. MCKAY: Do you have experience as a --

8 MR. KAUFMAN: -- (indiscernible) what's in the
9 SOFAs and Schedules.

10 MR. MCKAY: I asked him what other companies he
11 had maintained the books and records for which is the exact
12 wording that's in the statement. So that was my question.

13 MR. LEFKOWITZ: I don't think I have to list other
14 companies that I have experience in, but I do have
15 experience in keeping books and records in order.

16 MR. MCKAY: What other companies have you done
17 that for since 2021?

18 MR. LEFKOWITZ: That will be --

19 (Speakers talk at the same time.)

20 MR. KAUFMAN: We don't need to answer that here.

21 MR. MCKAY: Okay. What other companies do you
22 maintain books and records for now?

23 MR. KAUFMAN: Zach, we don't need to answer that
24 now. We can do -- we can do a 2004 for that.

25 MR. MCKAY: All right. What did you do to

1 maintain the books and records from May 5th forward?

2 MR. LEFKOWITZ: Kept it on the server.

3 MR. MCKAY: Which server?

4 MR. LEFKOWITZ: (Indiscernible) server.

5 MR. MCKAY: Is that the Debtor's server or
6 YesCare's server?

7 MR. LEFKOWITZ: The Debtor's server.

8 MR. MCKAY: And that's separate from YesCare's
9 server. Is that how I understood your testimony earlier?

10 MR. LEFKOWITZ: Correct.

11 MR. MCKAY: And has the Debtor had access to that
12 information throughout this bankruptcy case?

13 MR. LEFKOWITZ: I believe so.

14 MR. MCKAY: Do you have any reason to think they
15 haven't?

16 MR. LEFKOWITZ: There was a -- there was a
17 pause --

18 MR. MCKAY: I understand.

19 MR. LEFKOWITZ: -- right after the filings.

20 MR. MCKAY: And did you rely on anyone else to
21 assist you with maintaining those books and records?

22 MR. LEFKOWITZ: I don't know what assistance is
23 needed to maintain. As long as they are on the server and
24 as long as there's access, then it's maintained.

25 MR. MCKAY: So if the Debtor made payments or had

1 financial transactions in, say, June 2022, you were
2 responsible for maintaining the books and records, correct?

3 MR. LEFKOWITZ: Correct.

4 MR. MCKAY: And those would have been reflected in
5 those books and records, correct?

6 MR. LEFKOWITZ: Correct.

7 MR. MCKAY: So what did you do to update the
8 information on the server or ensure that those -- that
9 information was included in what was on the server?

10 MR. LEFKOWITZ: We -- you know, we pulled the
11 records prior to payment, and we posted that we made
12 payment.

13 MR. MCKAY: And when you say "we," that's yourself
14 and who else?

15 MR. LEFKOWITZ: I procured some help from YesCare
16 folks.

17 MR. MCKAY: Who are some of those folks?

18 MR. LEFKOWITZ: They're various people from
19 financing.

20 MR. MCKAY: From YesCare's financing group?

21 MR. LEFKOWITZ: Correct.

22 MR. MCKAY: And to the extent that those people
23 assisted with the books and records, has their information
24 been provided to the Debtor?

25 MR. LEFKOWITZ: Which information?

1 MR. MCKAY: Any documents that they created or had
2 that would be -- constitute the Debtor's books and records?

3 MR. LEFKOWITZ: They didn't create any documents.
4 No documents were created.

5 MR. MCKAY: Okay. Let's go to page 209 on the
6 same document, Docket 677.

7 MR. LEFKOWITZ: Uh-huh.

8 MR. MCKAY: And at the bottom of the page, there
9 are seven payments removed. Let me know when you're there.

10 MR. LEFKOWITZ: I'm here.

11 MR. MCKAY: And they're payments to a JDG.CLG
12 Consulting Group. First of all, what is that entity?

13 MR. LEFKOWITZ: That's an entity that did work for
14 the predecessor.

15 MR. MCKAY: It did work for a predecessor to the
16 Debtor?

17 MR. LEFKOWITZ: Correct.

18 MR. MCKAY: Which predecessor?

19 MR. LEFKOWITZ: So 2021, the Debtor was owned by a
20 financial company called the Flex Group, and JDG did
21 consulting work for the Flex Group, and this was part of the
22 payments as a termination agreement. They didn't do any
23 work for the Debtor.

24 MR. MCKAY: Is JDG.CLG affiliated with Charles
25 Gassenheimer?

1 MR. LEFKOWITZ: I believe so.

2 MR. MCKAY: And who is Mr. Gassenheimer?

3 MR. LEFKOWITZ: Like I said, he was a consultant
4 for our predecessor.

5 MR. MCKAY: Did he have any role at Flex Group?

6 MR. LEFKOWITZ: I don't know.

7 MR. MCKAY: And what type of consulting work was
8 being done by JDG.CLG?

9 MR. LEFKOWITZ: I believe it was restructuring.

10 MR. MCKAY: Restructuring work associated with one
11 of the Corizon entities?

12 MR. LEFKOWITZ: Correct.

13 MR. MCKAY: Was there any financing or credit
14 agreements involved in that work?

15 MR. LEFKOWITZ: No.

16 MR. MCKAY: And why was this removed from the
17 Schedule here?

18 MR. LEFKOWITZ: Originally, we listed them as an
19 insider, but I think that real obvious he's not an insider.
20 He had nothing to do with the Debtor.

21 MR. MCKAY: Let's move to page 221, please. Let
22 me know when you're there, Mr. Lefkowitz.

23 MR. LEFKOWITZ: 2-2-1?

24 MR. MCKAY: Yes, sir. I'm still on Docket 677.

25 MR. LEFKOWITZ: Okay.

1 MR. MCKAY: So these are the closed financial
2 statements changes. There's a number of accounts added for
3 Bank of America. Why were those accounts included now and
4 not before?

5 MR. LEFKOWITZ: This is just disclosure. These
6 are accounts that were allocated to the divisional merger,
7 so full disclosure, we added those accounts.

8 MR. MCKAY: What was the last -- I heard you until
9 the last three words there. Full disclosure, you what?

10 MR. LEFKOWITZ: I say these were accounts that
11 were allocated to the divisional merger. So for full
12 disclosure, we amended it, and we listed it so you folks can
13 be aware of it.

14 MR. MCKAY: Understood. And there's no date
15 closed listed here. Why is that?

16 MR. KAUFMAN: Zach, this is Aaron. We had a early
17 call with the US Trustee's Office yesterday, and we agreed,
18 as part of the additional supplements we'll make, that we'll
19 list the allocated -- the divisional merger date in the
20 column, and it'll just be changed at -- the title will be
21 changed to reflect that the date allocated will be May 5th
22 of 2020 --

23 MR. MCKAY: Understood. The closing date. Okay.

24 MR. KAUFMAN: Yeah.

25 MR. MCKAY: Thank you, Aaron.

1 All right. Then let's move to the last two, the
2 Signature bank accounts that were deleted. Why were those
3 listed then deleted?

4 MR. KAUFMAN: Those actually -- Zach, this is
5 Aaron again. Those will appear in Schedule A/B in response
6 to Question 3 now because the accounts are still open.

7 MR. MCKAY: Okay. So my understanding,
8 Mr. Lefkowitz, is those accounts are still open, but there's
9 zero funds in them; is that correct?

10 MR. LEFKOWITZ: Correct.

11 MR. MCKAY: And when was the cash taken down to
12 zero on those accounts?

13 MR. LEFKOWITZ: I don't know the date.

14 MR. MCKAY: Do you know approximately how much was
15 in those accounts at the time of the divisional merger?

16 MR. LEFKOWITZ: No.

17 MR. MCKAY: Was it more than zero?

18 MR. LEFKOWITZ: I don't have these answers. I
19 don't have the documents in front of me.

20 MR. MCKAY: Okay. Let's go back to some of --
21 some of the questions you answered earlier.

22 You said earlier you negotiated the funding
23 agreement with M2 LoanCo on behalf of the Debtor; is that
24 correct?

25 MR. LEFKOWITZ: Correct.

1 MR. MCKAY: And Alan Rubinstein negotiated for M2
2 LoanCo?

3 MR. LEFKOWITZ: Correct.

4 MR. MCKAY: But you're the principal for M2
5 LoanCo, correct?

6 MR. LEFKOWITZ: I'm not a principal. I'm
7 involved.

8 MR. MCKAY: What's your role at M2 LoanCo?

9 MR. LEFKOWITZ: The director.

10 MR. MCKAY: And in addition to being the Debtor's
11 corporate representative today, you're M2 LoanCo's corporate
12 representative in this case, too, correct?

13 MR. LEFKOWITZ: One of them.

14 MR. MCKAY: I beg your pardon?

15 MR. LEFKOWITZ: One of them.

16 MR. MCKAY: Who are the others?

17 MR. LEFKOWITZ: Alan Rubinstein.

18 MR. MCKAY: Alan Rubinstein has been M2 LoanCo's
19 corporate representative in this case?

20 MR. LEFKOWITZ: As well, correct.

21 MR. KAUFMAN: Zach, you're starting to -- you're
22 starting to go afield of the 341 Meeting topics.

23 MR. MCKAY: I'm asking follow-up questions on
24 questions that were answered earlier.

25 So tell -- on the funding agreement negotiations,

1 did you ask for more than 15 million on behalf of the
2 Debtor?

3 MR. LEFKOWITZ: I don't recall the full
4 negotiations.

5 MR. MCKAY: What do you recall?

6 MR. LEFKOWITZ: That we determined
7 (indiscernible).

8 MR. MCKAY: We -- you and Alan Rubinstein
9 determined that?

10 MR. LEFKOWITZ: No. It's -- it was Alan
11 Rubinstein with counsel and the Debtor and counsel, whoever
12 was involved in the initial merger. It was a back and forth
13 until we finalized on a number of 15 million.

14 MR. MCKAY: And what was the back and forth?

15 MR. LEFKOWITZ: 14-16.

16 MR. MCKAY: Okay. When we talked about the
17 funding agreement, you mentioned Geneva Consulting, their
18 involvement in that.

19 Is there a contract between the Debtor and Geneva
20 Consulting, or was there a contract between the Debtor and
21 Geneva Consulting?

22 MR. LEFKOWITZ: I believe so.

23 MR. MCKAY: How much did Geneva get paid under
24 that contract?

25 MR. LEFKOWITZ: I think their debt is the least

1 amount of money.

2 MR. MCKAY: Do you know how much they were owed
3 under the contract approximately?

4 MR. LEFKOWITZ: It was a fraction of a percent, I
5 believe.

6 MR. MCKAY: More than a \$100,000?

7 MR. LEFKOWITZ: I believe so.

8 MR. MCKAY: More than \$300,000?

9 MR. LEFKOWITZ: I don't know. It's a fraction of
10 (indiscernible). I don't know exactly, but I know they
11 didn't get paid.

12 MR. MCKAY: Who negotiated that contract for
13 Geneva?

14 MR. LEFKOWITZ: It was a multiparty.

15 MR. MCKAY: What does that mean?

16 MR. LEFKOWITZ: The Debtor's folks, Geneva's
17 folks, and them two folks.

18 MR. MCKAY: Yeah. That's what I'm asking. Who
19 were the Debtor's folks?

20 MR. LEFKOWITZ: Myself.

21 MR. MCKAY: And who were Geneva's folks?

22 MR. LEFKOWITZ: It was their general counsel.

23 MR. MCKAY: Who's that, Mr. Lefkowitz?

24 MR. LEFKOWITZ: Zalman Shapiro.

25 MR. MCKAY: Okay. And who were M2's -- M2

1 LoanCo's folks?

2 MR. LEFKOWITZ: Alan Rubenstein.

3 MR. MCKAY: Is Zalman Shapiro M2 LoanCo's counsel,
4 as well?

5 MR. LEFKOWITZ: I don't believe so.

6 MR. MCKAY: Okay. And if I understood your
7 testimony earlier, you said that Geneva vetted the backup
8 for payments made on behalf of M2 LoanCo; is that correct?

9 MR. LEFKOWITZ: Correct.

10 MR. MCKAY: Did they do it for all the payments
11 made?

12 (Several speakers at the same time.)

13 MR. LEFKOWITZ: I beg your pardon?

14 MR. MCKAY: Did they do that for all the payments?

15 MR. LEFKOWITZ: I can say for all or most --

16 MR. MCKAY: Okay.

17 MR. MCKAY: -- on behalf of the Debtor. Whatever
18 payments were made on behalf of the Debtor, they did it.

19 MR. MCKAY: On behalf of the Debtor by M2 LoanCo?

20 MR. LEFKOWITZ: From M2 LoanCo.

21 MR. MCKAY: And you testified that you played a
22 role in helping Geneva with that process; is that right?

23 MR. LEFKOWITZ: Correct.

24 MR. MCKAY: And what was your role? How did you
25 help them?

1 MR. LEFKOWITZ: To identify, you know, the actual
2 creditor, the amounts and --

3 MR. MCKAY: Why did they need your help,
4 Mr. Lefkowitz?

5 MR. LEFKOWITZ: It was a credit of -- a creditor
6 of XYZ Corporation popped up. How would they know who XYZ
7 is?

8 MR. MCKAY: Well, isn't that what you were paying
9 them for?

10 MR. LEFKOWITZ: They were -- they were just doing
11 the administrative work, but the actual negotiations of the
12 actual payments they weren't doing. I was doing it. So
13 they could have seen an invoice of \$100 and a payment of
14 \$99. They got stuck. They needed my help out.

15 MR. NGUYEN: Hey, Zach, we're sitting at about 95
16 minutes. Can we -- if you have any more questions on the
17 facilitator funding agreement, can we do that by 2004 and
18 let other questions -- let other creditors ask questions?

19 MR. MCKAY: I'm just -- I'm just about done.

20 Do you know who owns Geneva, Mr. Lefkowitz?

21 MR. KAUFMAN: That's a 2004 topic.

22 MR. MCKAY: But we were talking about the funding
23 agreement and it being listed on here, and Mr. Lefkowitz
24 testified that M2 LoanCo is claiming 25 million owed from
25 the Debtor.

1 I'm trying to understand that item on the
2 Schedule.

3 MR. KAUFMAN: Yeah. I think Mr. Jimenez asked him
4 the question. He answered it. If you have more questions,
5 let's do that by 2004.

6 MR. MCKAY: I'm not understanding why the question
7 would be appropriate for Mr. Jimenez and not from the
8 Committee. Can you explain that?

9 MR. KAUFMAN: Well, he already answered it.

10 MR. MCKAY: You're talking about a topic. I
11 haven't even asked the question.

12 MR. NGUYEN: Yeah. If you want -- let's keep
13 moving. There are other creditors that have questions.
14 We're already at 95 minutes. Let's keep moving.

15 MR. MCKAY: All right. You said earlier M2
16 LoanCo's position is that it's funded \$38 million under the
17 funding agreement. Is that right, approximately?

18 MR. LEFKOWITZ: Approximately is right.

19 MR. MCKAY: Do you understand the --

20 (Speakers talk at the same time.)

21 MR. MCKAY: Oh, go ahead. I'm sorry,
22 Mr. Lefkowitz. Go ahead.

23 MR. LEFKOWITZ: I said under the funding
24 agreement, M2 15 million. In addition, they funded
25 approximately another 25 mil.

1 MR. MCKAY: So what was the basis for funding the
2 other 25 million?

3 MR. LEFKOWITZ: It was a business decision to
4 preserve the secured loan (indiscernible).

5 MR. MCKAY: Okay.

6 MR. LEFKOWITZ: And to keep the Debtor out of
7 bankruptcy.

8 MR. MCKAY: And I believe you testified earlier
9 that, as a result of that, M2 LoanCo is -- has made a claim
10 for approximately \$25 million?

11 MR. LEFKOWITZ: They have not made a claim.

12 MR. MCKAY: Then can you clarify what you said
13 earlier? You mentioned M2 LoanCo and 25 million.

14 MR. LEFKOWITZ: They are an unsecured creditor,
15 but they have not made a claim as of yet.

16 MR. MCKAY: Appreciate it. Thanks for the
17 clarification.

18 And what has the Debtor done to evaluate that
19 assertion of 25 million as an unsecured creditor by M2
20 LoanCo?

21 MR. LEFKOWITZ: Provided all the documents.

22 MR. MCKAY: And how have you been involved in that
23 process?

24 MR. LEFKOWITZ: Helping collecting all those
25 documents.

1 MR. MCKAY: Okay. That's all my questions for
2 him.

3 MR. NGUYEN: Thank you from the Committee for
4 their questions.

5 Any other creditors, if you have questions of
6 Mr. Lefkowitz or Mr. Perry, please state your name and who
7 you represent, and you may proceed.

8 MS. BASALDUA: This is Ms. Basaldua with the
9 Internal Revenue Service. Can you hear me?

10 MR. NGUYEN: Yes. Go ahead, ma'am.

11 MR. LEFKOWITZ: Yes.

12 MS. BASALDUA: Okay. Great. I would like to ask
13 Mr. Lefkowitz what type of services -- okay.

14 First, let me ask -- Corizon Health Services or
15 Healthcare -- did they merge into Tehum Care Services?

16 MR. LEFKOWITZ: Corizon Health --

17 MS. BASALDUA: Yes, sir, Corizon Healthcare.

18 MR. LEFKOWITZ: Correct. Merged into Corizon,
19 LLC.

20 MS. BASALDUA: Do you know when they merged?

21 MR. LEFKOWITZ: No. I don't have that date.

22 MS. BASALDUA: Is Corizon -- is it out of
23 business, or they merged?

24 MR. LEFKOWITZ: So Corizon merged with Corizon
25 Health. Then they merged with CHS Texas, and then they

1 divided. So Corizon does not have operations, but it has
2 liabilities, and it has certain claims of assets.

3 MS. BASALDUA: And -- okay. So let me ask you.
4 Again, on Document 676, page 2, it says, "The Debtor no
5 longer has operating -- the Debtor is no longer operated.
6 The assets and liability information is therefore derived
7 from the last month's ending period ending prior to the
8 post-petition."

9 So it's telling me it's no longer operating.

10 MR. LEFKOWITZ: Correct.

11 MS. BASALDUA: So is Corizon no longer
12 operating --

13 MR. LEFKOWITZ: Corizon, which is the Debtor --

14 MS. BASALDUA: -- even once they merged?

15 MR. LEFKOWITZ: So let me --

16 MR. PERRY: Hi. Isaac, maybe let me take a quick
17 shot. Hi, this is Russell Perry. I'm the Debtor Chief
18 Restructuring Officer. I'm sorry. I didn't catch your
19 name, but I did hear you're with the IRS, representing the
20 IRS; is that correct?

21 MS. BASALDUA: Yes. My name is Ms. Basaldua, and
22 I'm with the Internal Revenue Service here in Houston.

23 MR. PERRY: Okay. All right. Very nice to hear
24 from you. I'm actually very glad you dialed in.

25 As the Debtor's CRO, I have been personally

1 dealing with and engaging with an IRS revenue officer. I'm
2 happy to provide name and contact information on this call
3 or separately offline. This individual has been requesting
4 a substantial amount of information from the Debtor, things
5 that -- and questions that you're asking here related to the
6 name change, related to tax EINS, related to potential IRS
7 tax obligations.

8 We have provided and continue to provide this
9 officer with a substantial amount of information. I'm happy
10 to and would love to incorporate and include you in those
11 discussions because I certainly -- you know, we're not aware
12 that there was another IRS individual involved. We can
13 share with you again the information that we have already
14 shared and anything in addition to that. Again, information
15 such as, you know, the divisional merger documents, the
16 combination merger documents which describe exactly which
17 entities were merged and therefore dissolved or survived.

18 All of this information has been provided to this
19 other IRS officer. So I'm just, you know, letting you know
20 that, you know, there has been a substantial amount of work
21 completed to educate at least this other officer. I don't
22 have knowledge as to where that information has gone within
23 the Internal Revenue Service.

24 But, again, if you wouldn't mind reaching out
25 separately either to counsel or directly with me, I

1 certainly would love to involve you in those discussions
2 because I don't want, you know, for there to be information
3 lost that's already been shared.

4 MS. BASALDUA: Okay. Thank you. I'm aware of the
5 revenue officer, but let me give you -- I'm aware of the
6 revenue officer.

7 Let me give you my fax number. It is --

8 MR. PERRY: Okay.

9 MS. BASALDUA: -- 888-279-6228. My email address
10 is Dorcas, D-o-r-c-a-s. the initial "M," as in Mary,
11 .basaldua, B, as in boy, a-s-a-l-d-u-a @irs.gov. My
12 telephone number is area code 346-227-6544.

13 I still have a couple of questions to ask.
14 Although, I understand you have worked with the revenue
15 officer, but I still -- he's in the -- he's a revenue
16 officer in the collection department, and I am in the
17 bankruptcy department. Okay?

18 MR. PERRY: Oh, perfect. Okay. We've actually
19 been trying to reach someone in the bankruptcy department.
20 So that's -- that's great. Okay.

21 MS. BASALDUA: Okay. But just so Mr. Lefkowitz
22 would know that the IRS has filed a proof of claim, and
23 today we will be sending out some letters. Excuse me. My
24 voice is a little hoarse.

25 We'll be sending out a Letter 982. It informs you

1 about your plan. A 986, the filing obligations, tax
2 obligations, and a Letter 1714 explains your rights as a
3 taxpayer.

4 So we'd also enclose in it Publication 1. Well,
5 the Letter 1714 are for unfiled tax returns, and the
6 Publication 1 is for your rights as a taxpayer. So when you
7 get these, if you have any questions, just check with your
8 attorney, and your attorney can give us a call.

9 Another question that we had -- I was wanting to
10 know -- so -- okay. So the dates are unknown at this time.
11 What type of business is Tehum? Hello?

12 MR. LEFKOWITZ: So -- yeah. So Tehum is just a
13 name change from Corizon Health Services to Tehum Care
14 Services, but it does not have any operations presently
15 while it's in bankruptcy.

16 MS. BASALDUA: Okay. So what was Corizon? What
17 type of business?

18 MR. LEFKOWITZ: Correctional healthcare providing
19 the medical care for incarcerated folks and deals with
20 prisoners.

21 MS. BASALDUA: Okay. So does your -- does -- I'm
22 going to have to refer it as Tehum because that's the new
23 name.

24 MR. LEFKOWITZ: Correct.

25 MS. BASALDUA: So does Tehum have any employees?

1 MR. LEFKOWITZ: No.

2 MS. BASALDUA: No employees?

3 MR. LEFKOWITZ: Correct.

4 MS. BASALDUA: Does it have -- does it have
5 officers? Corporate officers?

6 MR. LEFKOWITZ: Presently, it has a Chief
7 Restructuring Officer who is Russell Perry.

8 MS. BASALDUA: So is there a president? Vice
9 president? Treasurer? Secretary?

10 MR. LEFKOWITZ: Not necessarily, no.

11 MS. BASALDUA: So they have no employees?

12 MR. LEFKOWITZ: No.

13 MS. BASALDUA: Are they getting -- is anyone
14 getting paid a salary?

15 MR. LEFKOWITZ: No.

16 MS. BASALDUA: What happened to the employees?

17 MR. LEFKOWITZ: No longer operating.

18 MS. BASALDUA: As of when?

19 MR. LEFKOWITZ: As of May 5th of 2022.

20 MS. BASALDUA: May 5th, 2022?

21 MR. LEFKOWITZ: Uh-huh.

22 MS. BASALDUA: Okay. Were there any assets of
23 Corizon or of Tehum now? When I say "assets," were there
24 any personal property other than what was discussed earlier?
25 Any type of equipment?

1 MR. LEFKOWITZ: No.

2 MS. BASALDUA: Medical supplies?

3 MR. LEFKOWITZ: No.

4 MS. BASALDUA: Okay. Are you aware that the IRS
5 audited the claim for some unfiled tax returns?

6 MR. LEFKOWITZ: No, other than what you just told
7 us.

8 MS. BASALDUA: Okay. The IRS is looking for some
9 Forms 945s for 2017 to 2022, also for some Forms 1120 for
10 2021 and 2022, which we need those returns in our office by
11 September the -- excuse me -- by June 27th.

12 Also -- so if there are no assets, then you're not
13 making any federal tax deposits, correct?

14 MR. LEFKOWITZ: Correct.

15 MS. BASALDUA: Okay. Do you -- can you provide
16 us, not over the phone but later, a list of the officers
17 that we -- that you had before?

18 MR. LEFKOWITZ: Yes.

19 MS. BASALDUA: A list of the officers and their
20 position and their titles.

21 (Multiple speakers talk at the same time.)

22 MR. LEFKOWITZ: (Indiscernible) Schedules --

23 MS. BASALDUA: Can you provide the Schedule?

24 MR. LEFKOWITZ: -- but we'll provide them.

25 Can you provide them by June 27th?

1 MR. KAUFMAN: They are on file in the -- sorry.
2 This is Aaron Kaufman, Counsel for the Debtor.

3 The list of officers that were with the Debtor
4 before the merger and were allocated as part of the merger
5 -- all of that is on file with the Schedules. We filed the
6 plan of divisional merger with the Schedules this time
7 around. So that's on file, but I'm happy to email you so
8 that it's easier for you to find.

9 MS. BASALDUA: If you would, I would appreciate
10 that.

11 What caused the liability? Because we have a
12 liability for 2020. So what caused that liability? Do you
13 know?

14 MR. LEFKOWITZ: 2020 --

15 MR. PERRY: Isaac, I'm happy to answer it.

16 MS. BASALDUA: These are for some -- these are for
17 some 941 liabilities.

18 MR. PERRY: Yeah. I'm happy to answer it, Isaac,
19 unless you want to take it.

20 MR. LEFKOWITZ: So just -- no. Go ahead, Russell.

21 MR. PERRY: Yeah. Okay. So this is a question
22 that I have been, and my team here at Ankura, have been
23 working on validating and verifying.

24 We received transcripts from the revenue officer I
25 mentioned a few minutes ago that you are aware of.

1 We actually mailed them to my office; therefore,
2 the fiscal year 2020 and 2021, we have taken those
3 transcripts and we have prepared fairly detailed Schedules
4 of what the information in those transcripts are
5 communicating, and it appears the information that the IRS
6 has provided to us suggests that the taxes from 2020 that
7 are unpaid related to the employer portion of employee taxes
8 provided as a form of relief under the Federal Government's
9 CARES Act in connection with COVID and supporting businesses
10 throughout the country during the COVID period in addition
11 to the employer portion of withholdings.

12 The transcripts also indicate that there are
13 various liabilities related to penalties, related to
14 interest, and other types of collection fees that have been
15 charged to or recorded on the Debtor's EIN.

16 I did pull up the proof of claim just while we're
17 on this phone here. It doesn't appear the proof of claim
18 agrees perfectly to the transcripts that we've been
19 provided. However, it does appear that there is reference
20 to those time periods and referencing the FICO-related
21 nature of the taxes, which again, we will now work to
22 reconcile the tax transcripts to these proof of claims to
23 hopefully validate the information I just told you, which is
24 that the liability is, again, mostly made up of what's
25 called a 2302 deferral, which again is the federal tax code

1 section related to the employer portion of withholding.

2 MS. BASALDUA: Okay. So I have looked at the
3 proof of claim myself, and it's for the second quarter,
4 third quarter, and fourth quarter of 2020. So there is a
5 large amount of the liability. So what you're telling me is
6 that you've received the account transcripts, and they are
7 not basically what our proof of claim is showing. Is that
8 correct? So you're going to go back and reconcile your
9 files to see what's different from ours?

10 MR. PERRY: I will. I will. Exactly. Simply
11 because, as I pull up the proof of claim in real time, I
12 also was not aware of it. The revenue officer did not let
13 me know. In fact, he had indicated that the proof of claim
14 wasn't going to be filed until he and I had reconciled the
15 numbers, but that's okay. But now that I have the proof of
16 claim, I'll be able to reconcile the numbers and the proof
17 of claim to the numbers that have been provided to us. That
18 is correct.

19 MS. BASALDUA: Okay. So, basically, that's fine.
20 You can reconcile your forms, but in the meantime, we're --
21 our proof of claim will remain as filed. Okay? Once you
22 provide us the documentation, if you feel there was a
23 deposit made that we're not aware of, then we will need a
24 copy of that check front and back so that we can look for
25 that deposit. Otherwise, that claim will remain as filed.

1 On the unfiled tax returns that are listed on
2 there, either we get the returns filed, or they're just
3 going to stay the way they are as well. And more than
4 likely we will be contacting our counsel as well so that
5 they can be aware of this proof of claim being filed as
6 well. Okay?

7 MR. PERRY: Oh, that'd be wonderful. Yeah. Thank
8 you.

9 MS. BASALDUA: Okay. So the deadline for the
10 returns is still going to be June the 27th. I'm sending you
11 out a letter today. If the returns have been filed or if
12 they're not -- you're not liable for them, then you need to
13 indicate that on that particular form. If you're no longer
14 filing those forms, then you need to file a final return.
15 Okay? And let us know. Otherwise, the IRS is going to be
16 requesting them.

17 As a compliance issue, we will be looking to make
18 sure -- you know, since you're telling me now you have no
19 employees, then has the corporation -- has Tehum filed a
20 final 941 -- 940? You know, corporate tax returns. If not,
21 we need those final returns. If not, we're going to be
22 looking for one as well as part of our compliance.

23 So you either -- to be in compliance, just file a
24 -- if you're no longer going to have employees or be paying
25 the 940's, then just file a zero return so we'll know that

1 you no longer have those employees. We also need that by
2 June 27th, a final return. Okay?

3 MR. LEFKOWITZ: I don't know -- I don't know if
4 June 27th -- I don't know if June 27th is a realistic date.
5 (Indiscernible).

6 MS. BASALDUA: Okay. Well, you tell me what date
7 is good for you.

8 MR. LEFKOWITZ: You know, I believe we can
9 definitely, you know, get things done, but we would probably
10 need another month, towards the end of July.

11 MS. BASALDUA: Okay. That's not a problem. I'll
12 give you till July 27th. Okay? Just so you know what I
13 need --

14 MR. LEFKOWITZ: Well --

15 MS. BASALDUA: -- I need a final return. If you
16 no longer have employees, the date the final return --

17 MR. LEFKOWITZ: 941?

18 MS. BASALDUA: 941s, a final 940. I need the
19 Forms 1120s that I mentioned that are on the proof of
20 claim --

21 MR. LEFKOWITZ: Correct.

22 MS. BASALDUA: -- and the forms 945 that I
23 mentioned earlier that are also on the proof of claim.
24 We're setting the date for July 27th for those returns to be
25 filed.

1 Also, when you file your claim, just make sure
2 that the IRS proof of claim is provided for. If we do not
3 receive the returns, then the IRS can request your case to
4 be dismissed. Okay?

5 MR. LEFKOWITZ: Okay.

6 MS. BASALDUA: (Speakers talk at the same time.)
7 the claim.

8 MR. LEFKOWITZ: Russell, why don't you give -- go
9 ahead.

10 Russel, why don't you give the address where all
11 the notices should come from the IRS? I don't know -- what
12 address do you have in your letter that you're sending to
13 us?

14 MS. BASALDUA: Let me give you my address. Okay?
15 My address is 1919 Smith Street, Houston, Texas, 77002.
16 Under the Houston, Texas, please write the word stop,
17 s-t-o-p, 5024, the initials H-o-u, attention: D. Basaldua,
18 B-a-s-a-l-d-u-a, and that will be to the Internal Revenue
19 Service.

20 (Speakers talk at the same time.)

21 MR. LEFKOWITZ: And also what about this -- go
22 ahead.

23 MS. BASALDUA: This is where you're going to mail
24 me. This is where you're going to mail --

25 (Speakers talk at the same time.)

1 MR. PERRY: Yeah. I'll email.

2 MS. BASALDUA: -- and the final returns.

3 MR. PERRY: Perfect. We'll -- I -- what I'm going
4 to do is send -- I'm going to prepare an email.

5 Ms. Basaldua, I'll prepare an email with my
6 contact information and mailing address for these various
7 issues. I do see that on the proof of claim, the address
8 was used under the Petition. So -- but we also have a copy
9 of it filed online.

10 So what we're going to do is key up an email,
11 prepare an email for you because I also obviously want to
12 share the information that's been shared to the other
13 revenue officer, and we'll engage directly with you with
14 respect to these final forms that need to be filed by the
15 end of July.

16 MS. BASALDUA: Great. I also will need a list of
17 all corporate officers and their titles.

18 MR. PERRY: Okay. I provided that to be the
19 other revenue officer, so no problem. Absolutely.

20 MS. BASALDUA: Okay. Do y'all have any questions
21 for me?

22 MR. PERRY: I do not.

23 MS. BASALDUA: Okay.

24 MR. LEFKOWITZ: But we have -- we have your email
25 address. (Indiscernible).

1 MS. BASALDUA: Mr. Lefkowitz, do you have any
2 questions?

3 MR. LEFKOWITZ: No. We don't, no, but should
4 there -- anything come up, we'll send you an email.

5 MS. BASALDUA: Okay. Thank you. That's all the
6 questions I have. Thank you.

7 MR. NGUYEN: Okay. Thank you very much. This is
8 Ha Nguyen from the US Trustee's Office.

9 Is there any other creditor on the line that wish
10 to ask Mr. Lefkowitz or Mr. Perry any questions?

11 Please state your name, and who you represent, and
12 you may proceed.

13 MR. MOSELEY: Yes. This is Brian Moseley
14 (phonetic). I represent Mack Lloyd in a civil rights
15 lawsuit. I have some questions about the insurance
16 policies, and this may have been addressed earlier, and
17 there may be a supplement being filed, but just so I'm
18 clear.

19 MR. NGUYEN: Go ahead.

20 MR. MOSELEY: We were provided --
21 Go ahead?

22 MR. NGUYEN: Yep.

23 MR. MOSELEY: Go ahead?

24 MR. NGUYEN: Yep. Go ahead.

25 MR. MOSELEY: Okay.

1 We were provided information about two different
2 policies. One is the primary policy of Lone Star Alliance.
3 It's a \$21 million policy, total policy limit, with
4 17 million aggregate self-insured retention.

5 So my first question: Is the amount of the
6 aggregate self-insured retention -- is that what is going to
7 be supplemented?

8 MR. PERRY: Yes. We'll supplement the Schedule
9 with both the face value of the policy, as well as the SIR
10 amount to the self-insured retention amount on a either per
11 claim basis or, you know, an aggregate.

12 I will note that, you know, there are certain
13 policies that are included in some of the divisional merger
14 documentation that was filed in the Schedules. But if you
15 would, just allow us to prepare that supplemental, and in
16 that supplemental, you'll be able to reference the exact
17 insurance policy.

18 The time period that it applies, obviously -- you
19 know, the -- if applicable, the face value and the SIR. So
20 we absolutely will be preparing that information in
21 supplemental.

22 MR. MOSELEY: Okay. Fine. I'll wait on that,
23 then.

24 Okay. Those are my questions. Thank you.

25 MR. NGUYEN: Thank you, Mr. Moseley.

1 If any other creditors have questions, please
2 state your name, who you represent, and you may proceed.

3 MR. KENNEDY: Yes. Yes. My name is Leon Kennedy.
4 I represent Benjamin Oryang. I would like to know what are
5 the indemnifications regarding the claims of the prisoners?

6 MR. PERRY: Aaron, do you want to talk about
7 mediation and the plan?

8 MR. KENNEDY: Not --

9 MR. PERRY: I'll try to answer that.

10 MR. KENNEDY: -- not the bankruptcy court. Not
11 the bankruptcy court. I'm talking about regarding the
12 inmates' claims.

13 MR. PERRY: Yeah. Could you clarify that? And,
14 Mr. Kennedy, can you tell -- I didn't hear the name of your
15 client.

16 MR. KENNEDY: Okay. My client's name is Benjamin
17 Oryang.

18 MR. PERRY: How do you -- could you spell that for
19 me?

20 MR. KENNEDY: The court --

21 Pardon me?

22 MR. PERRY: Could you spell your client's name for
23 me?

24 MR. KENNEDY: Benjamin, B-e-n-j-a-m-i-n, Oryang,
25 O-r-y-a-n-g.

1 MR. PERRY: Okay. And your question is what is
2 the Debtor's intent to -- with respect to the inmates'
3 claims? Could you -- could you, yeah, explain that or
4 clarify that? I don't really understand what you're asking.

5 MR. KENNEDY: Well, they have -- they have certain
6 claims -- filed their claims against your company, and
7 they're trying to find out -- monetary claims going for
8 damages, et cetera. I'm just wondering what would be you
9 guys' intentions being whatever you're liable for. Are you
10 going to before the bankruptcy clears out all the other
11 supplemental (inaudible).

12 What are your intentions regarding the inmates'
13 complaints?

14 MR. PERRY: So we're still in the process of
15 maximizing the available assets that the Debtor has at its
16 disposal to pay creditors. Your client is among a long list
17 of creditors who have rights to assert a claim. Your client
18 should definitely -- if you believe they're entitled to some
19 payment from the Debtor, you should file a proof of claim.
20 I assume you've gotten notice of the proof of claim
21 deadline.

22 So file your proof of claim. We are working
23 closely with the Committee. There is a mediation that we're
24 trying to get scheduled, and hopefully that is one way that
25 we can bring in some money to pay creditors. We -- if you

1 were listening for the first hour or so --

2 MR. KENNEDY: Yeah.

3 MR. PERRY: -- to Mr. Jimenez's questions, there
4 are insurance assets also available. There may be some tax
5 credits also available, and the Debtor does have some
6 affirmative claims against other third parties that we're
7 still working through to try to monetize to bring in money
8 to pay creditors.

9 What will ultimately happen, we think, is there
10 will be a plan, a Chapter 11 plan proposed for creditors to
11 review, and that will -- that will tell creditors how
12 they're getting paid. But, of course, for creditors to get
13 paid, they need to have a proof of claim on file. But --

14 MR. KENNEDY: Yeah. Thank you very much.

15 MR. NGUYEN: Okay. Thank you, Mr. Kennedy.

16 Is there any other creditors on the line that wish
17 to ask either Mr. Perry or Mr. Lefkowitz any questions?
18 Please state your name and who you represent, and you may
19 proceed.

20 MR. CROSS: Hi. This is Ian Cross. I represent
21 Kohchise Jackson and William Kelly.

22 MR. NGUYEN: Go ahead, Mr. Cross. Thank you. You
23 may proceed.

24 MR. CROSS: Thank you.

25 Can -- Mr. Lefkowitz, can you direct your

1 attention to Document 677, page 223?

2 So I see there is a list of other businesses in
3 which the Debtor has or has had an interest. Does that list
4 include subsidiaries of the businesses on the list? For
5 example, a subsidiary of Corizon, LLC.

6 MR. LEFKOWITZ: Correct.

7 MR. PERRY: Ian, can you repeat that or rephrase
8 that? I didn't follow the question.

9 MR. CROSS: So we have a list of subsidiaries in
10 which the Debtor had or has had an interest. Does the list
11 include subsidiaries of entities that were subsidiaries of
12 Corizon Health, Incorporated? In other words, companies
13 where Corizon Health, Incorporated was the corporate
14 grandparent.

15 MR. LEFKOWITZ: I'm not sure what you're referring
16 to, but this is the list of entities that are operated
17 under.

18 MR. CROSS: Did the Debtor ever own a company
19 called Pharmacorr, LLC?

20 MR. LEFKOWITZ: No.

21 MR. CROSS: In the divisional merger was a meeting
22 held by M2 LoanCo against the assets of Pharmacorr
23 (indiscernible) as part of that transaction?

24 MR. LEFKOWITZ: You're going to have to refer to
25 the divisional merger documents, whatever the documents

1 called for.

2 MR. CROSS: Do you -- are you familiar with the
3 entity Pharmacorr, LLC?

4 MR. LEFKOWITZ: Yes, I am.

5 MR. CROSS: How are you familiar with it?

6 MR. LEFKOWITZ: They used to be a provider of
7 pharmacy for the Debtor.

8 MR. CROSS: Was it under -- was it ever owned by
9 Valitas Healthcare Services, Incorporated?

10 MR. LEFKOWITZ: No.

11 MR. CROSS: Was it ever owned by Corizon, LLC?

12 MR. LEFKOWITZ: No.

13 MR. CROSS: Okay. Is the Debtor -- I'm sorry. I
14 believe you testified M2 LoanCo paid 25 million to the
15 Debtor on an unsecured basis in excess of the amount owed
16 under the of the funding agreement in order to preserve the
17 secured loan that M2 LoanCo has; is that correct?

18 MR. LEFKOWITZ: Correct.

19 MR. CROSS: How did those payments preserve a
20 secured loan that M2 LoanCo has?

21 MR. LEFKOWITZ: Prevents from the Debtor to go
22 into bankruptcy.

23 MR. CROSS: And why would the Debtor going into
24 bankruptcy interfere with M2 LoanCo's security interest?

25 MR. LEFKOWITZ: They were service providers to CHS

1 Texas. They wouldn't have gotten paid. Those service
2 providers would have been interrupted; so CHS Texas would
3 have tanked, and therefore, the bank alone would secure
4 that.

5 MR. CROSS: Well, the Debtor is in bankruptcy now,
6 and has CHS Texas tanked?

7 MR. LEFKOWITZ: No. That's post 25 million of
8 settlement.

9 MR. CROSS: Well, I'm just trying to understand
10 why 25 million of settlement affected CHS Texas's operations
11 at all.

12 MR. LEFKOWITZ: I didn't say it affected. I said
13 we made a business decision and to fund the Debtor prior to
14 bankruptcy to settle out those creditors to avoid a
15 bankruptcy. We felt it's business-wise not to file for
16 Chapter 11.

17 MR. CROSS: We is Tehum, correct?

18 MR. LEFKOWITZ: What's that?

19 MR. CROSS: You were trying to avoid filing a
20 Chapter 11 with Tehum --

21 MR. LEFKOWITZ: Correct.

22 MR. CROSS: -- not a Chapter 11 with CHS, right?

23 MR. LEFKOWITZ: Correct.

24 MR. CROSS: So why does whether or not you file a
25 Chapter 11 with Tehum have any effect on CHS or its

1 operations?

2 MR. LEFKOWITZ: I think -- I think I said it once.
3 I don't mind repeating it as many times until you'll
4 understand it.

5 There were contract providers that did service for
6 the Debtor prior to filing for bankruptcy. These same
7 medical providers were also medical providers after the
8 divisional merger to CHS Texas. If they would have
9 interrupted service, CHS Texas would have tanked. If CHS
10 Texas would have tanked, the M2 loan -- secured loan would
11 have been in jeopardy.

12 So there's a \$100 million in secured loan.

13 MR. CROSS: These are providers -- these are
14 individual medical providers associated with contracts where
15 CHS Texas was continuing to service the contract, right?

16 MR. LEFKOWITZ: Correct.

17 MR. CROSS: And then there were another bucket of
18 medical providers associated with expired contracts,
19 correct?

20 MR. LEFKOWITZ: Correct.

21 MR. CROSS: And the expired contracts were
22 allocated to the Debtor in the divisional merger, correct?

23 MR. LEFKOWITZ: Correct.

24 MR. CROSS: And the active contracts were
25 allocated to CHS.

1 MR. LEFKOWITZ: Correct.

2 MR. CROSS: So wouldn't the providers that are
3 associated with the active contracts not be subject to any
4 kind of indemnity or suit against the Debtor?

5 MR. PERRY: Sorry. Ian, can you rephrase that?
6 I don't understand that.

7 MR. CROSS: All right. I'll --
8 (Speakers talk at the same time.)

9 MR. LEFKOWITZ: I think -- I think -- I think
10 you're asking a legal question. You don't need to rephrase
11 it. If it's a legal question, I don't know the answer to
12 that.

13 MR. CROSS: Was Ms. Tirschwell ever a CEO of the
14 Debtor?

15 MR. LEFKOWITZ: Prior to the original merger.

16 MR. CROSS: When did she assume that office?

17 MR. LEFKOWITZ: I believe in January of '22.

18 MR. CROSS: Okay. I'm going to direct your
19 attention to 677, page 209 of 224.

20 MR. NGUYEN: Hey, Ian. This is Ha Nguyen in the
21 US Trustee's Office.

22 Can you get a little bit closer to the phone? The
23 recording is picking it up, but it's very light.

24 MR. CROSS: Sure. How's that?

25 MR. NGUYEN: Yeah. That's better. Thank you.

1 MR. CROSS: Okay. So I see on page 209 there are
2 a number of payments to officers of the Debtor. For
3 example, Mr. Ladell (phonetic), Mr. Shirley, and Mr. King.

4 MR. LEFKOWITZ: Correct.

5 MR. CROSS: But I don't see any payments to a
6 Sarah Tirschwell. So --

7 MR. LEFKOWITZ: Correct. She was never paid.

8 MR. CROSS: Why was she serving as the CEO if she
9 wasn't compensated?

10 MR. LEFKOWITZ: She was installed by the
11 principals as a CEO -- as an interim CEO, but she didn't get
12 compensated from the company itself.

13 MR. CROSS: How was she compensated?

14 MR. LEFKOWITZ: Like I said, the principal
15 companies compensated her.

16 MR. CROSS: So was she an employee of a company
17 other than the Debtor?

18 MR. LEFKOWITZ: Correct.

19 MR. CROSS: And what company is that?

20 MR. LEFKOWITZ: I don't know. I don't have it in
21 front of me, but she was under a consulting agreement. She
22 just was given the title of CEO.

23 MR. CROSS: Was she associated with Geneva
24 Consulting?

25 MR. LEFKOWITZ: Like I said, I don't know. I

1 would have to refer back to her consulting agreement, who
2 was the actual employer. It could have been a number of
3 companies that employed her.

4 MR. CROSS: Did the Debtor enter into a consulting
5 agreement with Geneva Consulting?

6 MR. LEFKOWITZ: Yes.

7 MR. CROSS: When did it enter into that agreement?

8 MR. LEFKOWITZ: Not a -- not a consulting
9 agreement. It was an MSA agreement.

10 MR. CROSS: What does MSA stand for?

11 MR. LEFKOWITZ: Management Service Agreement.

12 MR. CROSS: You entered into the Management
13 Service Agreement.

14 MR. LEFKOWITZ: We provided all the agreements. I
15 don't have the actual dates in front me.

16 UNIDENTIFIED SPEAKER: Ian, could you kind of keep
17 those closer to what's in the Schedules and Statements. If
18 you have questions beyond that, we'll take those up
19 separately.

20 MR. CROSS: Did the Debtor make a pre-petition
21 payment to Geneva's Consulting?

22 MR. LEFKOWITZ: Yes.

23 MR. CROSS: And when did it make those payments?

24 MR. LEFKOWITZ: A few months prior while Geneva
25 was doing consulting work for the Debtor.

1 MR. CROSS: Was there a \$3 million payment in
2 December of 2021?

3 MR. LEFKOWITZ: Yes.

4 MR. CROSS: Who are the principles of Geneva
5 Consulting?

6 MR. LEFKOWITZ: I don't know.

7 UNIDENTIFIED SPEAKER: Ian, you can
8 (indiscernible) that up separately. We're now way outside
9 the scope of the 341 Meeting.

10 MR. CROSS: All right. We'll bring it up in a
11 2004.

12 MR. CROSS: I don't have further questions.

13 MR. NGUYEN: Thank you, Mr. Cross.

14 Is there any other creditor on the phone that
15 would like to ask any questions? Please state your name,
16 who you represent, and you may proceed.

17 (No audible response.)

18 MR. NGUYEN: All right. I don't hear anyone else.

19 Mr. Kaufman, what I'm going to do is I'm going to
20 continue this 341 meeting for 30 days and no need to appear.
21 This is for documents only so we can get those amendments on
22 file.

23 If we need to recall Mr. Lefkowitz or Mr. Perry,
24 we'll let you know. I just want to have that date on --

25 MR. KAUFMAN: Okay.

1 MR. NGUYEN: -- noted on the -- on the docket so
2 we can just track the amendments. And if everything -- we
3 take a look at the amendments, and we have no further
4 questions, then we'll just conclude it then.

5 So I'm going to kick this out for 30 days. I'm
6 going to put it on -- let me pull up my calendar real
7 quickly. I apologize.

8 So I'm going to continue this out to -- we'll do
9 July 21st, at 1:00 p.m., but that's just the date and time
10 I'm just reserving right now. I -- it's for documents only
11 right now.

12 So we'll work with Mr. Lefkowitz and Mr. Perry and
13 the Debtors if we need them to return to testify. Okay?

14 Does that make sense?

15 MR. KAUFMAN: Makes sense. Thank you very much,
16 Mr. Nguyen.

17 MR. NGUYEN: Okay. I appreciate everyone's time.
18 Thank you, and the meeting is continued to July 21st.

19 Thank you.

20 (Meeting adjourned.)

21

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* * * * *

1 I certify that the foregoing is a correct
2 transcript to the best of my ability from the electronic
3 sound recording of the telephonic proceedings in the above-
4 entitled matter.

5 /S/ MARY D. HENRY

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10 DATE: JULY 26, 2023